

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2017

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-37823

DelMar Pharmaceuticals, Inc.  
(Exact name of registrant as specified in its charter)

<u>Nevada</u> (State or other jurisdiction of incorporation or organization)	<u>99-0360497</u> (I.R.S. Employer Identification No.)
<u>Suite 720-999 West Broadway Vancouver, British Columbia, Canada</u> (Address of principal executive offices)	<u>V5Z 1K5</u> (zip code)

(604) 629-5989  
(Registrant's telephone number, including area code)

N/A  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if smaller reporting company) Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date, 21,927,517 shares of common stock are issued and outstanding as of February 13, 2018.

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**PART 1. - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**DelMar Pharmaceuticals, Inc.**

Consolidated Condensed Interim Financial Statements  
(Unaudited)

**For the six months ended December 31, 2017**  
(expressed in US dollars unless otherwise noted)

**DelMar Pharmaceuticals, Inc.**  
Consolidated Condensed Interim Balance Sheets  
(Unaudited)

(expressed in US dollars unless otherwise noted)

	<u>Note</u>	<u>December 31, 2017 \$</u>	<u>June 30, 2017 \$</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash		11,021,568	6,586,014
Prepaid expenses and deposits		1,140,801	1,208,122
Taxes and other receivables		24,667	76,595
		<u>12,187,036</u>	<u>7,870,731</u>
Intangible assets - net		29,080	40,290
		<u>12,216,116</u>	<u>7,911,021</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		1,829,137	1,182,312
Related party payables	4	397,856	88,957
Current portion of derivative liability	5	95	33,091
		<u>2,227,088</u>	<u>1,304,360</u>
Derivative liability	5	5,454	28,137
		<u>2,232,542</u>	<u>1,332,497</u>
<b>Stockholders' accumulated equity</b>			
<b>Preferred stock</b>			
Authorized			
5,000,000 shares, \$0.001 par value			
Issued and outstanding			
278,530 Series A shares at December 31, 2017 (June 30, 2017 – 278,530)	3,6	278,530	278,530
881,113 Series B shares at December 31, 2017 (June 30, 2017 – 881,113)	6	6,146,880	6,146,880
1 special voting share at December 31, 2017 (June 30, 2017 – 1)		-	-
<b>Common stock</b>			
Authorized			
50,000,000 shares, \$0.001 par value			
22,608,837 issued at December 31, 2017 (June 30, 2017 – 14,509,633)	6	22,609	14,510
<b>Additional paid-in capital</b>	6	43,238,880	36,665,285
<b>Warrants</b>	6	7,321,844	4,570,574
<b>Accumulated deficit</b>		(47,046,347)	(41,118,433)
<b>Accumulated other comprehensive income</b>		21,178	21,178
		<u>9,983,574</u>	<u>6,578,524</u>
		<u>12,216,116</u>	<u>7,911,021</u>

**Nature of operations, corporate history, and liquidity risk** (note 1)

**Subsequent events** (note 9)

The accompanying notes are an integral part of these consolidated condensed interim financial statements

**DelMar Pharmaceuticals, Inc.**  
Consolidated Condensed Interim Statement of Loss and Comprehensive Loss  
(Unaudited)

(expressed in US dollars unless otherwise noted)

	Note	Three months ended December 31, 2017 \$	Three months ended December 31, 2016 \$	Six months ended December 31, 2017 \$	Six months ended December 31, 2016 \$
<b>Expenses</b>					
Research and development	4	2,141,945	1,120,910	4,076,588	1,853,639
General and administrative	4	1,011,879	571,286	1,756,500	1,887,925
		<u>3,153,824</u>	<u>1,692,196</u>	<u>5,833,088</u>	<u>3,741,564</u>
<b>Other loss (income)</b>					
Change in fair value of stock option and derivative liabilities	5, 6	889	(361,668)	(55,679)	(135,980)
Foreign exchange loss (gain)		7,120	(8,495)	50,986	6,829
Interest income		(235)	(60)	(391)	(101)
		<u>7,774</u>	<u>(370,223)</u>	<u>(5,084)</u>	<u>(129,252)</u>
<b>Net and comprehensive loss for the period</b>		<u><u>3,161,598</u></u>	<u><u>1,321,973</u></u>	<u><u>5,828,004</u></u>	<u><u>3,612,312</u></u>
<b>Computation of basic loss per share</b>					
Net and comprehensive loss for the period		3,161,598	1,321,973	5,828,004	3,612,312
Series B Preferred stock dividend		54,066	159,756	95,732	467,054
<b>Net and comprehensive loss available to common stockholders</b>		<u>3,215,664</u>	<u>1,481,729</u>	<u>5,923,736</u>	<u>4,079,366</u>
<b>Basic and fully diluted loss per share</b>		<u>0.14</u>	<u>0.13</u>	<u>0.31</u>	<u>0.36</u>
<b>Basic weighted average number of shares</b>		<u>22,559,234</u>	<u>11,424,485</u>	<u>18,882,259</u>	<u>11,363,237</u>

The accompanying notes are an integral part of these consolidated condensed interim financial statements.

**DelMar Pharmaceuticals, Inc.**  
Consolidated Condensed Interim Statement of Cash Flows  
(Unaudited)

(expressed in US dollars unless otherwise noted)

	<u>Note</u>	<b>Six months ended</b>	
		<b>December 31,</b>	
		<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Loss for the period		(5,828,004)	(3,612,312)
Items not affecting cash			
Amortization of intangible assets		11,210	7,716
Change in fair value of stock option and derivative liabilities	5,6	(55,679)	(135,980)
Shares issued for services	6	-	564,000
Warrants issued for services	6	(1,481)	50,244
Stock option expense (income)	6	293,377	(43,384)
<b>Changes in non-cash working capital</b>			
Taxes and other receivables		51,928	399
Prepaid expenses		67,321	13,341
Accounts payable and accrued liabilities		646,825	(68,369)
Related party payables	4	308,899	161,937
		<u>(4,505,604)</u>	<u>(3,062,408)</u>
<b>Cash flows from financing activities</b>			
Net proceeds from the issuance of shares and warrants	6	8,945,336	-
Proceeds from the exercise of warrants	6	-	326,699
Series A preferred stock dividend	6	(4,178)	(4,178)
		<u>8,941,158</u>	<u>322,521</u>
<b>Increase (decrease) in cash</b>		<b>4,435,554</b>	<b>(2,739,887)</b>
<b>Cash - beginning of period</b>		<b>6,586,014</b>	<b>6,157,264</b>
<b>Cash - end of period</b>		<b><u>11,021,568</u></b>	<b><u>3,417,377</u></b>

**Supplementary information (note 8)**

The accompanying notes are an integral part of these consolidated condensed interim financial statements.

(expressed in US dollars unless otherwise noted)

## **1 Nature of operations, corporate history, and liquidity risk**

### **Nature of operations**

DelMar Pharmaceuticals, Inc. (the “Company”) is a clinical stage drug development company with a focus on the treatment of cancer. We are conducting clinical trials in the United States with VAL-083 as a potential new treatment for glioblastoma multiforme, the most common and aggressive form of brain cancer. We have also acquired certain exclusive commercial rights to VAL-083 in China where it is approved as a chemotherapy for the treatment of chronic myelogenous leukemia and lung cancer. In order to accelerate our development timelines, we leverage existing clinical and commercial data from a wide range of sources. We may seek marketing partnerships to potentially generate future royalty revenue.

The address of the Company’s administrative offices is Suite 720 - 999 West Broadway, Vancouver, British Columbia, V5Z 1K5 with clinical operations located at 3485 Edison Way, Suite R, Menlo Park, California, 94025.

### **Corporate history**

The Company is a Nevada corporation formed on June 24, 2009 under the name Berry Only, Inc. On January 25, 2013, the Company entered into and closed an exchange agreement (the “Exchange Agreement”), with Del Mar Pharmaceuticals (BC) Ltd. (“DelMar (BC)”), 0959454 B.C. Ltd. (“Callco”), and 0959456 B.C. Ltd. (“Exchangeco”) and the security holders of DelMar (BC). Upon completion of the Exchange Agreement, DelMar (BC) became a wholly-owned subsidiary of the Company (the “Reverse Acquisition”).

DelMar Pharmaceuticals, Inc. is the parent company of DelMar (BC), a British Columbia, Canada corporation incorporated on April 6, 2010, which is a clinical stage company with a focus on the development of drugs for the treatment of cancer. The Company is also the parent company to Callco and Exchangeco which are British Columbia, Canada corporations. Callco and Exchangeco were formed to facilitate the Reverse Acquisition.

References to the Company refer to the Company and its wholly-owned subsidiaries, DelMar (BC), Callco and Exchangeco.

### **Liquidity risk**

For the six months ended December 31, 2017, the Company reported a loss of \$5,828,004 and the Company had an accumulated deficit of \$47,046,347 at that date. As at December 31, 2017, the Company had cash on hand of \$11,021,568. During the six months ended December 31, 2017, the Company received \$8,945,336 in net proceeds from a registered direct offering. We believe, based on our current estimates, that we will be able to fund our operations beyond the next twelve months.

The Company does not have the prospect of achieving revenues in the near future and the Company will require additional funding for its clinical trials, to maintain its research and development projects, and for general operations. There is a great degree of uncertainty with respect to the expenses the Company will incur in executing its business plan. Consequently, management continually evaluates various financing alternatives to fund the Company’s operations so it can continue as a going concern in the medium to longer term.

There is no assurance that our cost estimates will prove to be accurate or that unforeseen events, problems or delays will not occur with respect thereto. The ability of the Company to meet its obligations and continue the research and development of its product candidate is dependent on its ability to continue to raise adequate financing. There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. The Company may tailor its drug candidate development program based on the amount of funding the Company raises.

(expressed in US dollars unless otherwise noted)

## **2 Significant accounting policies**

### **Basis of presentation**

The consolidated condensed interim financial statements of the Company have been prepared in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP") and are presented in United States dollars. The functional currency of the Company and each of its subsidiaries is the United States dollar.

The accompanying consolidated condensed interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, DelMar BC, Callco, and Exchangeco. All intercompany balances and transactions have been eliminated.

The principal accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied to all periods presented.

### **Unaudited interim financial data**

The accompanying unaudited December 31, 2017 consolidated condensed interim balance sheet, the consolidated condensed interim statements of loss and comprehensive loss for the three and six months ended December 31, 2017 and 2016, and consolidated condensed cash flows for the six months ended December 31, 2017 and 2016, and the related interim information contained within the notes to the consolidated condensed interim financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all of the information and the notes required by U.S. GAAP for complete financial statements. These consolidated condensed interim financial statements should be read in conjunction with the audited financial statements of the Company as at June 30, 2017 included in the Company's Form 10-K filed with the Securities and Exchange Commission on September 27, 2017. In the opinion of management, the unaudited consolidated condensed interim financial statements reflect all adjustments, consisting of normal and recurring adjustments, necessary for the fair statement of the Company's financial position at December 31, 2017 and results of its operations for the three and six months ended December 31, 2017 and 2016, and its cash flows for the six months ended December 31, 2017 and 2016. The results for six months ended December 31, 2017 are not necessarily indicative of the results to be expected for the fiscal year ending June 30, 2018 or for any other future annual or interim period.



(expressed in US dollars unless otherwise noted)

#### **Use of estimates**

The preparation of consolidated condensed interim financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, expenses, contingent assets and contingent liabilities as at the end of, or during, the reporting period. Actual results could significantly differ from those estimates. Significant areas requiring management to make estimates include the derivative liability, the valuation of equity instruments issued for services, and clinical trial accruals. There have been no changes to the methodology used in determining these estimates from the fiscal year ended June 30, 2017.

#### **Loss per share**

Loss per share is calculated based on the weighted average number of common shares outstanding. For the three-month period ended December 31, 2017 and 2016 diluted loss per share does not differ from basic loss per share since the effect of the Company's warrants and stock options are anti-dilutive. At December 31, 2017, potential common shares of 15,028,906 (2016 – 4,505,852) relating to warrants, 1,420,850 (2016 – 896,250) relating to stock options, and 2,202,792 (2016 – 2,224,668) relating to the Series B convertible preferred stock were excluded from the calculation of net loss per common share because their inclusion would be anti-dilutive.

#### **Recent accounting pronouncements**

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standard setting bodies that are adopted by the Company as of the specified effective date.

Accounting Standards Update ("ASU") 2017-11 — *I. Accounting for Certain Financial Instruments with Down Round Features, II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Non-public Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception*

The amendments in this update are intended to reduce the complexity associated with the accounting for certain financial instruments with characteristics of liabilities and equity. Specifically, a down round feature would no longer cause a freestanding equity-linked financial instrument (or an embedded conversion option) to be accounted for as a derivative liability at fair value with changes in fair value recognized in current earnings. In addition, the indefinite deferral of certain provisions of Topic 480 have been re-characterized to a scope exception. The re-characterization has no accounting effect. ASU 2017-11 is effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is currently evaluating the potential impact of the adoption of this standard. The adoption of this guidance is not expected to have a material impact on the consolidated, condensed financial statements.

(expressed in US dollars unless otherwise noted)

*ASU 2016-09 — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting.*

The amendments in this update change existing guidance related to accounting for employee share-based payments affecting the income tax consequences of awards, classification of awards as equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within those annual periods, with early adoption permitted. The Company has adopted this standard as of its September 30, 2017 quarter end.

*ASU 2016-02 — Leases (Topic 842).*

The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the consolidated balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated income statement. ASU 2016-02 is effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods, with early adoption permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the potential impact of the adoption of this standard.

*ASU No. 2016-01 — Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.*

The updated guidance enhances the reporting model for financial instruments and requires entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, and the separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (i.e., securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements. The guidance is effective for annual and interim reporting periods beginning after December 15, 2017. The Company is currently assessing this standard for its impact on future reporting periods.

### **3 Valent Technologies, LLC**

On September 30, 2014, the Company entered into an exchange agreement (the “Valent Exchange Agreement”) with Valent Technologies, LLC (“Valent”), an entity owned by Dr. Dennis Brown, the Company’s Chief Scientific Officer and director, and DelMar (BC). Pursuant to the Valent Exchange Agreement, Valent exchanged its loan payable in the outstanding amount of \$278,530 (including aggregate accrued interest to September 30, 2014 of \$28,530), issued to Valent by DelMar (BC), for 278,530 shares of the Company’s Series A Preferred Stock. The Series A Preferred Stock has a stated value of \$1.00 per share (the “Series A Stated Value”) and is not convertible into common stock. The holder of the Series A Preferred Stock is entitled to dividends at the rate of 3% of the Series A Stated Value per year, payable quarterly in arrears.

For the three months ended December 31, 2017 and 2016 respectively, the Company recorded \$2,089 related to the dividend payable to Valent. For the six months ended December 31, 2017 and 2016 respectively, the Company recorded \$4,178 related to the dividend payable to Valent. The dividends have been recorded as a direct increase in accumulated deficit.

**DelMar Pharmaceuticals, Inc.**

Notes to Consolidated Condensed Interim Financial Statements

(Unaudited)

**December 31, 2017**

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(expressed in US dollars unless otherwise noted)

**4 Related party transactions**

Pursuant to employment and consulting agreements with the Company's officers the Company recognized a total of \$226,667 (2016 - \$275,000) in expenses for the three months ended December 31, 2017 and \$369,167 (2016 - \$395,000) for the six months ended December 31, 2017. In addition, at December 31, 2017, the Company also recognized a total of \$311,683 relating to the settlement agreement with the Company's former President and Chief Operating Officer. Amounts owed to related parties, including to the Company's former President and Chief Operating Officer, are non-interest bearing and payable on demand.

The Company recognized \$43,750 (2016 - \$37,000) in directors' fees during the three months ended December 31, 2017 and \$96,250 (2016 - \$82,000) during the six months ended December 31, 2017.

As part of the Series B preferred stock dividend (note 6) the Company issued 1,511 (2016 - 1,511) shares of common stock to officers and directors of the Company and recognized an amount of \$1,647 (2016 - \$4,819) for the three months ended December 31, 2017. For the six months ended December 31, 2017, the Company issued 3,022 (2016 - 3,022) shares of common stock and recognized \$2,916 (2016 - \$13,960). All of the dividends have been recognized as a direct increase to deficit.

The Company recorded \$2,089 (2016 - \$2,089) in dividends related to the Series A preferred stock issued to Valent (note 3) for the three months ended December 31, 2017 and \$4,178 (2016 - \$4,178) for the six months ended December 31, 2017.

During the six months ended December 31, 2017, the Company granted a total of 180,000 stock options to the Company's independent directors. The stock options are exercisable at a price of \$2.11 and have a term of 10 years. One-third of the options vest on June 30, 2018 and 15,000 options vest on a quarterly basis thereafter commencing September 30, 2018. In addition, during the three and six months ended December 31, 2017, the Company granted 120,000 stock options at an exercise price of \$0.87 to its Interim President and Chief Executive Officer. The stock options have a term of 10 years and vest pro rata monthly during the year following grant. The Company also modified certain stock options held by its former President and Chief Operating Officer (note 6).

(expressed in US dollars unless otherwise noted)

## **5 Derivative liability**

The Company has issued common stock purchase warrants. Based on the terms of certain of these warrants the Company determined that the warrants were a derivative liability which is recognized at fair value at the date of the transaction and re-measured at fair value each reporting period with the changes in fair value recorded in the consolidated condensed interim statement of loss and comprehensive loss.

### ***2013 Investor Warrants***

During the quarter ended March 31, 2013 the Company issued an aggregate of 3,281,250 units at a purchase price of \$3.20 per unit, for aggregate gross proceeds of \$10,500,000 (the "Private Offering"). Each unit consisted of one share of common stock and one five-year warrant (the "2013 Investor Warrants") to purchase one share of common stock at an initial exercise price of \$3.20. The exercise price of the 2013 Investor Warrants is subject to adjustment in the event that the Company issues common stock at a price lower than the exercise price, subject to certain exceptions. The 2013 Investor Warrants are redeemable by the Company at a price of \$0.004 per 2013 Investor Warrant at any time subject to the conditions that (i) the Company's common stock has traded for twenty (20) consecutive trading days with a closing price of at least \$6.40 per share with an average trading volume of 50,000 shares per day, and (ii) the underlying shares of common stock are registered for resale.

As a result of the financing completed by the Company during the three months ended September 30, 2015, the exercise price of all of the 2013 Investor Warrants was reduced from \$3.20 to \$3.14. As a result of the financing completed by the Company during the three months ended September 30, 2017 the exercise price of the un-amended 2013 Investor Warrants was further reduced from \$3.14 to \$2.68. The change in exercise price did not result in a material change in the fair value of the derivative liability.

### ***2013 Investor Warrant exercises***

During the three months ended December 31, 2016, 22,188 of the 2013 Investor Warrants were exercised for 22,188 shares of common stock at an exercise price of \$3.14 per share. The Company received proceeds of \$69,759 from these exercises. The warrants that have been exercised were revalued at their respective exercise dates and then the reclassification to equity was recorded resulting in \$57,466 of the derivative liability being reclassified to equity.

During the six months ended December 31, 2016, 65,095 of the 2013 Investor Warrants were exercised for 65,095 shares of common stock at an exercise price of \$3.14 per share. The Company received proceeds of \$204,659 from these exercises. The warrants that have been exercised were revalued at their respective exercise dates and then the reclassification to equity was recorded resulting in \$238,474 of the derivative liability being reclassified to equity.

There were no exercises of 2013 Investor Warrants during the three or six months ended December 31, 2017.

### ***2013 Investor Warrant amendments***

During the year ended June 30, 2016, the Company entered into amendments (the "2013 Investor Warrant Amendments") with the holders of certain of the 2013 Investor Warrants to extend the expiration date to March 31, 2019 and remove the provision requiring an adjustment of the warrant exercise price in the event the Company sells common stock at a purchase price lower than the current warrant exercise price. During the six months ended December 31, 2016, 15,944 of the 2013 Investor Warrants were amended. The warrants that have been amended were revalued at their respective amendment dates and then the reclassification to equity was recorded resulting in \$53,006 of the derivative liability being reclassified to equity.

There were no amendments of the 2013 Investor Warrants during the three months ended December 31, 2017 and 2016 or during the six months ended December 31, 2017.

**DelMar Pharmaceuticals, Inc.**  
Notes to Consolidated Condensed Interim Financial Statements  
(Unaudited)  
**December 31, 2017**

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(expressed in US dollars unless otherwise noted)

**2015 Agent Warrants**

As part of a financing completed by the Company in a prior period, the Company issued warrants to purchase 23,477 shares of common stock to certain placement agents (“2015 Agent Warrants”) and recognized them as a derivative liability of \$29,594 at the time of issuance. The 2015 Agent Warrants are exercisable at a per share price equal to \$3.00 until July 15, 2020. During the six months ended December 31, 2016, 680 of the 2015 Agent Warrants were exercised for cash proceeds of \$2,040 and 1,000 of the 2015 Agent Warrants were exercised on a cashless basis for 594 shares of common stock. The total reclassification to equity subsequent to revaluation at the respective exercise dates was \$9,935.

There were no exercises of the 2015 Agent Warrants during the three and six months ended December 31, 2017.

The Company’s derivative liability is summarized as follows:

	<b>Three months ended</b>	
	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	4,660	590,345
Change in fair value of warrants	889	(361,668)
Reclassification to equity upon exercise of warrants	-	(57,466)
	<u>5,549</u>	<u>171,211</u>
<b>Closing balance</b>	5,549	171,211
Less current portion	(95)	-
	<u>5,454</u>	<u>171,211</u>
<b>Long term portion</b>	<u>5,454</u>	<u>171,211</u>

	<b>Six months ended</b>	
	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	61,228	693,700
Change in fair value of warrants	(55,679)	(221,074)
Reclassification to equity upon amendment of warrants	-	(53,006)
Reclassification to equity upon exercise of warrants	-	(248,409)
	<u>5,549</u>	<u>171,211</u>
<b>Closing balance</b>	5,549	171,211
Less current portion	(95)	-
	<u>5,454</u>	<u>171,211</u>
<b>Long term portion</b>	<u>5,454</u>	<u>171,211</u>

**DelMar Pharmaceuticals, Inc.**  
Notes to Consolidated Condensed Interim Financial Statements  
(Unaudited)  
**December 31, 2017**

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(expressed in US dollars unless otherwise noted)

The derivative liability consists of the following warrants:

	<b>December 31, 2017</b>	
	<b>Number of warrants</b>	<b>\$</b>
2013 Investor Warrants	105,129	23
Warrants issued for services	43,750	72
2015 Agent Warrants	<u>21,768</u>	<u>5,454</u>
<b>Closing balance</b>	170,647	5,549
Less current portion	<u>(148,879)</u>	<u>(95)</u>
<b>Long-term portion</b>	<u><u>21,768</u></u>	<u><u>5,454</u></u>

**6 Stockholders' equity**

**Preferred stock**

*Authorized*

5,000,000 preferred shares, \$0.001 par value

*Issued and outstanding*

Special voting shares – at December 31, 2017 – 1 (June 30, 2017 – 1)

Series A shares – at December 31, 2017 – 278,530 (June 30, 2017 – 278,530)

Series B shares – at December 31, 2017 – 881,113 (June 30, 2017 – 881,113)

Series B Preferred Shares

During the year ended June 30, 2016 the Company issued an aggregate of 902,238 shares of Series B Preferred Stock at a purchase price of at \$8.00 per share. Each share of Series B Preferred Stock is convertible into 2.5 shares of common stock equating to a conversion price of \$3.20 (the "Conversion Price") and will automatically convert to common stock at the earlier of 24 hours following regulatory approval of VAL-083 with a minimum closing bid price of \$8.00 or five years from the final closing date. The holders of the Series B Preferred Stock are entitled to an annual cumulative, in arrears, dividend at the rate of 9% payable quarterly. The 9% dividend accrues quarterly commencing on the date of issue and is payable quarterly on September 30, December 31, March 31, and June 30 of each year commencing on June 30, 2016. Dividends are payable solely by delivery of shares of common stock (the "PIK Shares"), in an amount for each holder equal to the aggregate dividend payable to such holder with respect to the shares of Series B Preferred Stock held by such holder divided by the Conversion Price. The Series B Preferred Stock does not contain any repricing features.

(expressed in US dollars unless otherwise noted)

In addition, the Company and the holders entered into a royalty agreement, pursuant to which the Company will pay the holders of the Series B Preferred Stock, in aggregate, a low, single-digit royalty based on their pro rata ownership of the Series B Preferred Stock on products sold directly by the Company or sold pursuant to a licensing or partnering arrangement (the "Royalty Agreement").

Upon conversion of a holder's Series B Preferred Stock to common stock, such holder shall no longer receive ongoing royalty payments under the Royalty Agreement but will be entitled to receive any residual royalty payments that have vested. Rights to the royalties shall vest during the first three years following the applicable closing date, in equal thirds to holders of the Series B Preferred Stock on each of the three vesting dates, upon which vesting dates such royalty amounts shall become "Vested Royalties".

Pursuant to the Series B Preferred Stock dividend, during the three months ended December 31, 2017, the Company issued 49,602 (2016 – 50,096) shares of common stock and recognized a total of \$54,066 (2016 – \$159,756). During the six months ended December 31, 2017, the Company issued 99,204 (2016 – 100,889) shares of common stock and recognized a total of \$95,732 (2016 – \$467,054). All dividends have been recognized as a direct increase in accumulated deficit.

A total of 881,113 (2016 – 889,863) shares of Series B Preferred Stock are outstanding as of December 31, 2017, such that a total of 2,202,792 (2016 – 2,224,668) shares of common stock are issuable upon conversion of the Series B Preferred Stock as at December 31, 2017. Converted shares are rounded up to the nearest whole share.

No shares of the Series B Preferred Stock were converted to common stock during the three and six months ended December 31, 2017. During the three and six months ended December 31, 2016, a total of 12,375 shares of Series B preferred stock were converted for an aggregate 30,938 shares of common stock.

#### Series A Preferred Shares

Effective September 30, 2014 pursuant to the Company's Valent Exchange Agreement (note 3), the Company filed a Certificate of Designation of Series A Preferred Stock (the "Series A Certificate of Designation") with the Secretary of State of Nevada. Pursuant to the Series A Certificate of Designation, the Company designated 278,530 shares of preferred stock as Series A Preferred Stock. The shares of Series A Preferred Stock have a stated value of \$1.00 per share (the "Series A Stated Value") and are not convertible into common stock. The holder of the Series A Preferred Stock is entitled to dividends at the rate of 3% of the Series A Stated Value per year, payable quarterly in arrears. Upon any liquidation of the Company, the holder of the Series A Preferred Stock will be entitled to be paid, out of any assets of the Company available for distribution to stockholders, the Series A Stated Value of the shares of Series A Preferred Stock held by such holder, plus any accrued but unpaid dividends thereon, prior to any payments being made with respect to the common stock.

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**Common stock**

*Authorized* - 50,000,000 common shares, \$0.001 par value

*Issued and outstanding* - December 31, 2017 – 22,608,837 (June 30, 2017 – 14,509,633)

	<b>Shares of common stock outstanding</b>	<b>Common stock \$</b>	<b>Additional paid-in capital \$</b>	<b>Warrants \$</b>	<b>Accumulated deficit \$</b>
<b>Balance – June 30, 2017</b>	14,509,633	14,510	36,665,285	4,570,574	(41,118,433)
Issuance of shares and warrants	8,000,000	8,000	6,184,585	2,752,751	-
Series B Preferred stock dividend	99,204	99	95,633	-	(95,732)
Stock option expense	-	-	293,377	-	-
Warrants issued for services	-	-	-	(1,481)	-
Series A Preferred cash dividend	-	-	-	-	(4,178)
Loss for the period	-	-	-	-	(5,828,004)
<b>Balance – December 31, 2017</b>	<b><u>22,608,837</u></b>	<b><u>22,609</u></b>	<b><u>43,238,880</u></b>	<b><u>7,321,844</u></b>	<b><u>(47,046,347)</u></b>

The issued and outstanding common shares at December 31, 2017 include 932,761 (June 30, 2017 – 982,761) shares of common stock on an as-exchanged basis with respect to the shares of Exchangeco that can be exchanged for shares of common stock of the Company.

Six months ended December 31, 2017

During the six months ended December 31, 2017 the Company completed a registered direct offering (the “2018 Registered Offering”) of an aggregate of 8,000,000 shares of common stock and warrants to purchase an additional 8,000,000 shares of common stock at a price of \$1.25 per share and related warrant for gross proceeds of \$10.0 million. The warrants have an exercise price of \$1.25 per share, are immediately exercisable and have a term of exercise of five years (the “2018 Investor Warrants”).

The Company engaged a placement agent for the 2018 Registered Offering. Under the Company’s engagement agreement with the placement agent, the Company paid \$800,000 in cash commission and other fees to the placement agent and issued warrants to purchase 400,000 shares of common stock to the placement agent (the “2018 Agent Warrants”). The 2018 Agent Warrants are exercisable at a per share price of \$1.25 and have a term of exercise of five years.

In addition to the cash commission and other placement agent fees, the Company also incurred additional cash issue costs of \$254,664 resulting in net cash proceeds of \$8,945,336.

**2017 Omnibus Incentive Plan**

On July 7, 2017, as amended on February 9, 2018, and subject to approval by the Company’s stockholders, the Company’s board of directors approved adoption of the Company’s 2017 Omnibus Equity Incentive Plan (the “2017 Plan”). The board of directors also approved a form of Performance Stock Unit Award Agreement to be used in connection with grants of performance stock units (“PSUs”) under the 2017 Plan.



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Under the 2017 Plan, 7,800,000 shares of Company common stock are reserved for issuance, less the number of shares of common stock issued under the Del Mar Pharmaceuticals (BC) Ltd. 2013 Amended and Restated Stock Option Plan (the “Legacy Plan”) or that are subject to grants of stock options made, or that may be made, under the Legacy Plan. A total of 1,420,850 shares of common stock have been issued under the Legacy Plan and/or are subject to outstanding stock options granted under the Legacy Plan, leaving a potential 6,379,150 shares of common stock available for issuance under the 2017 Plan if all such options under the Legacy Plan were exercised and no new grants are made under the Legacy Plan. The number of shares of Company common stock available for issuance under the 2017 Plan has been set at approximately 20% of the Company’s fully diluted shares of common stock as of February 9, 2018 (excluding the number of shares of common stock issued under the 2017 Plan and/or the Legacy Plan or subject to outstanding awards granted under the 2017 Plan and/or the Legacy Plan). The maximum number of shares of Company common stock with respect to which any one participant may be granted awards during any calendar year is 8% of the Company’s fully diluted shares of common stock on the date of grant (excluding the number of shares of common stock issued under the 2017 Plan and/or the Legacy Plan or subject to outstanding awards granted under the 2017 Plan and/or the Legacy Plan). No award will be granted under the 2017 Plan on or after July 7, 2027, but awards granted prior to that date may extend beyond that date.

**Performance Stock Unit grants**

Subject to approval by the Company’s stockholders of the 2017 Plan, the Company’s board of directors granted a total of 1,000,000 PSUs under the 2017 Plan to the Company’s independent directors. In total, the awards represent the right to receive an aggregate of 1,000,000 shares of the Company’s common stock upon vesting of the PSU based on targets approved by the Company’s board of directors related to the Company’s fully diluted market capitalization. The PSUs will vest in full upon the later of one year from the grant date and the Company achieving a fully diluted market capitalization of at least \$500 million for five consecutive business days. The PSUs expire on July 7, 2022.

**Stock Options (granted under the Legacy Plan)**

The following table sets forth the stock options outstanding under the Legacy Plan:

	<b>Number of stock options outstanding</b>	<b>Weighted average exercise price \$</b>
<b>Balance – June 30, 2017</b>	1,120,850	4.18
Granted	<u>300,000</u>	<u>1.61</u>
<b>Balance – December 31, 2017</b>	<b><u>1,420,850</u></b>	<b><u>3.64</u></b>

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The following table summarizes stock options currently outstanding and exercisable at December 31, 2017 under the Legacy Plan:

<b>Exercise price \$</b>	<b>Number Outstanding at December 31, 2017</b>	<b>Weighted average remaining contractual life (years)</b>	<b>Number exercisable at December 31, 2017</b>
0.87	120,000	9.84	10,000
1.59	25,000	3.87	25,000
2.00	131,250	3.87	131,250
2.11	180,000	9.52	-
2.96	45,000	7.09	45,000
3.20	30,000	7.25	30,000
3.76	45,000	8.11	27,495
4.00	12,500	1.75	12,500
4.10	40,000	8.86	14,443
4.20	412,500	5.62	412,500
4.48	30,000	8.11	18,332
4.95	224,600	6.56	129,990
5.32	80,000	8.35	42,223
6.16	15,000	5.25	15,000
9.20	30,000	5.42	30,000
	<u>1,420,850</u>		<u>943,733</u>

Included in the number of stock options outstanding are 25,000 stock options granted at an exercise price of CDN \$2.00. The exercise prices shown in the above table have been converted to \$1.59 using the period ending closing exchange rate. Certain stock options have been granted to non-employees and will be revalued at each reporting date until they have fully vested. The stock options have been revalued using a Black-Scholes pricing model using the following assumptions:

	<b>December 31, 2017</b>
Dividend rate	0%
Volatility	76.4% to 80.0%
Risk-free rate	1.90% to 2.17%
Term - years	1.0 to 2.0

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The Company has recognized the following amounts as stock option expense for the periods noted:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Research and development	126,375	(65,727)	121,401	(35,012)
General and administrative	102,132	(9,475)	171,976	(8,372)
	<u>228,507</u>	<u>(75,202)</u>	<u>293,377</u>	<u>(43,384)</u>

All of the stock option expense for the periods ended December 31, 2017 and 2016 has been recognized as additional paid in capital. The aggregate intrinsic value of stock options outstanding at December 31, 2017 was \$26,400 (2016 - \$208,846) and the aggregate intrinsic value of stock options exercisable at December 31, 2017 was \$2,200 (2016 - \$208,846). As of December 31, 2017, there was \$257,895 in unrecognized compensation expense that will be recognized over the next 2.50 years. No stock options granted under the Plan have been exercised to December 31, 2017. Upon the exercise of stock options new shares will be issued.

A summary of status of the Company's unvested stock options under the Legacy Plan is presented below:

	<b>Number of</b>	<b>Weighted</b>	<b>Weighted</b>
	<b>Options</b>	<b>average</b>	<b>average</b>
		<b>exercise</b>	<b>grant date</b>
		<b>price</b>	<b>fair value</b>
		<b>\$</b>	<b>\$</b>
<b>Unvested at June 30, 2017</b>	318,033	4.81	2.57
Granted	300,000	1.61	0.86
Vested	<u>(140,916)</u>	<u>4.58</u>	<u>2.47</u>
<b>Unvested at December 31, 2017</b>	<u>477,117</u>	<u>2.87</u>	<u>1.54</u>

Stock option modification

During the three and six months ended December 31, 2017, certain stock options were modified pursuant to a separation agreement with the Company's former President and Chief Operating Officer. A total of 67,600 options had their vesting accelerated such that they became fully vested on December 22, 2017, resulting in additional stock option expense of \$93,777. In addition, a total of 218,600 options were modified such that their remaining exercise period was increased from one year to three years, resulting in additional stock option expense of \$28,561.

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Stock option liability

Certain of the Company's stock options have been issued in \$CDN. Of these, a portion were classified as a stock option liability which is revalued at each reporting date. During the six months ended December 31, 2016, the Company amended 43,750 of these stock options held by five optionees such that the exercise price of the options was adjusted to be denominated in \$USD. No other terms of the stock options were amended. As a result of the amendment, the Company recognized \$85,094 in stock option liability expense and \$260,969 was reclassified to equity during the three months ended September 30, 2016.

**Warrants**

Certain of the Company's warrants have been recognized as a derivative liability (note 5). The following table summarizes changes in the Company's outstanding warrants as of December 31, 2017:

Description	<u>Number</u>
<b>Balance – June 30, 2017</b>	6,628,906
Issuance of 2018 Investor Warrants (i)	8,000,000
Issuance of 2018 Agent Warrants (ii)	400,000
<b>Balance - December 31, 2017</b>	<b><u>15,028,906</u></b>

i) The 2018 Investor Warrants are exercisable at \$1.25 per share until September 22, 2022.

ii) The 2018 Agent Warrants are exercisable at \$1.25 per share until September 20, 2022.

The following table summarizes the Company's outstanding warrants as of December 31, 2017:

Description	<u>Number</u>	<u>Exercise price</u> \$	<u>Expiry date</u>
2017 Investor	2,076,924	3.50	April 19, 2022
2013 Placement Agent	1,262,500	3.14	June 30, 2019
2018 Investor	8,000,000	1.25	September 22, 2022
2015 Investor	979,003	3.00	July 31, 2020
2013 Investor – Amended	778,504	3.14	March 31, 2019
2013 Investor – Un-amended (note 5)	105,129	2.68	January 25 to March 6, 2018
Dividend	812,502	5.00	January 24, 2018
Issued for services	265,000	3.00	March 1, 2020 to February 1, 2021
Issued for services	43,750	7.04	September 12, 2018
Issued for services	41,400	5.93	February 27, 2020
2018 Agent	400,000	1.25	September 20, 2022
2017 Agent	138,462	4.06	April 12, 2022
2016 Agent	103,964	4.00	May 12, 2021
2015 Agent	21,768	3.00	July 15, 2020
	<b><u>15,028,906</u></b>	<b><u>2.25</u></b>	

(expressed in US dollars unless otherwise noted)

## **7 Financial instruments**

The Company has financial instruments that are measured at fair value. To determine the fair value, we use the fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use to value an asset or liability and are developed based on market data obtained from independent sources. Unobservable inputs are inputs based on assumptions about the factors market participants would use to value an asset or liability. The three levels of inputs that may be used to measure fair value are as follows:

- Level one - inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level two - inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals; and
- Level three - unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

The Company's financial instruments consist of cash and cash equivalents, other receivables, accounts payable, related party payables and derivative liability. The carrying values of cash and cash equivalents, other receivables, accounts payable and related party payables approximate their fair values due to the immediate or short-term maturity of these financial instruments.

### Derivative liability

The Company accounts for certain warrants under the authoritative guidance on accounting for derivative financial instruments indexed to, and potentially settled in, a company's own stock, on the understanding that in compliance with applicable securities laws, the warrants require the issuance of securities upon exercise and do not sufficiently preclude an implied right to net cash settlement. The Company classifies these warrants on its balance sheet as a derivative liability which is fair valued at each reporting period subsequent to the initial issuance. The Company has used a simulated probability valuation model to value the warrants. Determining the appropriate fair-value model and calculating the fair value of warrants requires considerable judgment. Any change in the estimates (specifically probabilities) used may cause the value to be higher or lower than that reported. The estimated volatility of the Company's common stock at the date of issuance, and at each subsequent reporting period, is based on the historical volatility of similar life sciences companies. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the warrants at the valuation date. The expected life of the warrants is assumed to be equivalent to their remaining contractual term.

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a) Fair value of derivative liability

The derivative is not traded in an active market and the fair value is determined using valuation techniques. The Company uses judgment to select a variety of methods to make assumptions that are based on specific management plans and market conditions at the end of each reporting period. The Company uses a fair value estimate to determine the fair value of the derivative liability. The carrying value of the derivative liability would be higher or lower as management estimates around specific probabilities change. The estimates may be significantly different from those recorded in the consolidated financial statements because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market. All changes in the fair value are recorded in the consolidated statement of operations and comprehensive loss each reporting period. This is considered to be a Level 3 financial instrument as volatility is considered a level 3 input.

The Company has the following liabilities under the fair value hierarchy:

Liability	December 31, 2017		
	Level 1	Level 2	Level 3
Derivative liability	-	-	\$ 5,549

Liability	June 30, 2017		
	Level 1	Level 2	Level 3
Derivative liability	-	-	\$ 61,228

**8 Supplementary statement of cash flows information**

	Six months ended December 31,	
	2017	2016
	\$	\$
Reclassification of derivative liability to equity upon the exercise of warrants (note 5)	-	248,409
Reclassification of derivative liability to equity upon the amendment of warrants (note 5)	-	53,006
Reclassification of stock option liability to equity upon settlement (note 6)	-	260,969
Series B Preferred share common stock dividend (note 6)	95,732	467,054
Income taxes paid	-	-
Interest paid	-	-

(expressed in US dollars unless otherwise noted)

**9 Subsequent events**

**Exercise of warrants**

Subsequent to December 31, 2017, 250,000 share purchase warrants were exercised at \$1.25 per share for gross proceeds of \$312,500.

**Issuance of warrants**

Subsequent to December 31, 2017, 60,000 share purchase warrants were issued for services. Each is warrant exercisable at \$1.78 per share until January 25, 2023.

**Expiry of warrants**

Subsequent to December 31, 2017, 812,502 share purchase warrants exercisable at \$5.00 per share and 21,564 share purchase warrants exercisable at \$2.68 expired.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

This Management's Discussion and Analysis ("MD&A") contains "forward-looking statements", within the meaning of the Private Securities Litigation Reform Act of 1995, which represent our projections, estimates, expectations, or beliefs concerning, among other things, financial items that relate to management's future plans or objectives or to our future economic and financial performance. In some cases, you can identify these statements by terminology such as "may", "should", "plans", "believe", "will", "anticipate", "estimate", "expect", "project", or "intend", including their opposites or similar phrases or expressions. You should be aware that these statements are projections or estimates as to future events and are subject to a number of factors that may tend to influence the accuracy of the statements. These forward-looking statements should not be regarded as a representation by the Company or any other person that the events or plans of the Company will be achieved. You should not unduly rely on these forward-looking statements, which speak only as of the date of this report. Except as may be required under applicable securities laws, we undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this report or to reflect the occurrence of unanticipated events.

You should review the factors and risks we describe under "Risk Factors" in our report on Form 10-K for the year ended June 30, 2017 and the Company's other filings with the Securities and Exchange Commission (the "SEC"), available at [www.sec.gov](http://www.sec.gov). Actual results may differ materially from any forward-looking statement.

### **Changing Landscape and Recent Highlights**

- We believe the evaluation of MGMT promotor methylation status has increasingly become common practice in the diagnostic assessment of GBM providing us with an enhanced ability to leverage MGMT methylation as a biomarker to optimize patient selection for our novel DNA-targeting agent in the treatment of GBM.
- In September 2017, the National Comprehensive Cancer Network ("NCCN"), provided updated guidelines for the standard treatment of glioblastoma multiforme ("GBM") based on MGMT methylation status. We believe these recently published guidelines provide for enhanced opportunities for us to capitalize on VAL-083's unique mechanism of action to target the majority of GBM patients who are diagnosed with MGMT-unmethylated tumors.
- In September 2017, the US Food and Drug Administration ("FDA") allowed a second Investigational New Drug Application ("IND") for our lead drug candidate, VAL-083, as a potential treatment for platinum-resistant ovarian cancer.
- In September 2017, we completed an offering of common stock and warrants for aggregate gross proceeds of \$10.0 million. We intend to use the proceeds to support our research, clinical trials and for general corporate purposes.
- In October 2017, we announced:
  - The first patient dosing for our STAR-3 registration study for refractory patients with recurrent GBM ("rGBM"). This was a part of a planned U.S.-based 180 patient, 25 site study initiated in July 2017; and
  - The first patient dosing of our open label Phase 2 clinical trial of VAL-083 in newly diagnosed patients with MGMT-unmethylated GBM, which is being conducted at Sun Yat-sen University Cancer Center with funding support through our collaboration with Guangxi Wuzhou Pharmaceutical (Group) Co. Ltd.
- In November 2017, at the annual meeting of the Society for NeuroOncology ("SNO") we presented a positive interim update from our ongoing open label Phase 2 clinical trial in patients with MGMT-unmethylated rGBM whose tumors have recurred following treatment with temozolomide (Avastin naïve). This study was initiated in February 2017 and is being conducted at the University of Texas MD Anderson Cancer Center.



- In December 2017, the FDA fully approved Avastin (bevacizumab) which may impact our ability to recruit suitable patients for our STAR-3 Phase 3 clinical trial.
- In December 2017, the FDA granted Fast Track designation for the company's lead product candidate, VAL-083, in recurrent glioblastoma. Fast Track designation is designed to expedite the review of drugs that show promise in treating life-threatening diseases and address unmet medical needs, with the goal of getting new treatments to patients earlier. Fast Track designation provides sponsors with an opportunity for increased frequency of communication with the FDA to ensure an optimal development plan and to collect appropriate data needed to support drug approval.
- Update on clinical trial status as of December 31, 2017:
  - Phase 3 STAR-3 Refractory trial: 4 sites activated with one (1) patient enrolled in our registration study for rGBM patients. As further described below, we have decided to suspend further enrollment in this trial until a full analysis of the potential impact of the Avastin approval can be undertaken.
  - Phase 2 MGMT-unmethylated rGBM: 17 patients have been enrolled in our ongoing open label Phase 2 clinical trial in patients with MGMT-unmethylated (Avastin naïve) rGBM. Patients in this trial have rGBM following standard-of-care chemo-radiation treatment with temozolomide. This study was initiated in February 2017 and is designed to enroll up to 48 patients and is being conducted in collaboration with the University of Texas MD Anderson Cancer Center (“MDACC”); and
  - Phase 2 trial in MGMT-unmethylated newly diagnosed GBM: One (1) patient has been enrolled in our single site, open label Phase 2 clinical trial of newly diagnosed MGMT-unmethylated GBM patients. Patients in this trial will be treated with VAL-083 in combination with radiotherapy as a potential alternative to the current standard-of-care chemo-radiation regimen. This study was initiated in September 2017, and is designed to enroll up to 30 patients at Sun Yat-sen University Cancer Center in Guangzhou, China and is being conducted under the terms of our collaboration with Guangxi Wuzhou Pharmaceutical (Group) Co. Ltd.
- During the three months ended December 31, 2017, we strengthened our management team by appointing Saiid Zarrabian as interim president and chief executive officer. Mr. Zarrabian’s experience in overseeing the growth of multiple companies will augment our management team as we continue to efficiently advance our product candidates to maximize shareholder value.
- During the three months ended December 31, 2017, we presented promising research results supporting the potential of VAL-083 in the treatment of cancers for patients whose tumors exhibit features that make them resistant to, or unlikely to respond to, currently available therapies. For example:
  - At the American Association for Cancer Research (“AACR”)-NCI-EORTC International Conference on Molecular Targets and Cancer Therapeutics we presented incremental VAL-083 data suggesting the potential for synergy with treatments that depend on a cancer cell to be in the S-phase for activity. Such agents include topoisomerase inhibitors, commonly used in the treatment of brain cancer and other solid tumors, and PARP inhibitors, commonly used in the treatment of platinum resistant ovarian cancer; and
  - At AACR’s Special Conference: Addressing Critical Questions in Ovarian Cancer Research and Treatment, we presented data demonstrating how VAL-083 targets the DNA of cancer cells in a mechanistically different fashion than platinum (Pt)-based chemotherapeutic agents or PARP inhibitors, and how these differences position VAL-083 as a potential new therapeutic option in the treatment of platinum-resistant ovarian cancer, a significant and well recognized unmet medical need.
  - Based on our updated strategy, as described below, we believe we have cash available to fund operations into the second quarter of calendar 2019.

## **VAL-083 Clinical Trials and Updated Strategic Direction**

Our recent research has highlighted the opportunities afforded by VAL-083's unique mechanism of action and its potential to address unmet medical needs by focusing our development efforts on patients whose tumors exhibit biological features that make them resistant to, or unlikely to respond to, currently available therapies. For example, our research demonstrating VAL-083's activity in GBM independent of the expression of the MGMT methylation status allows us to focus patient selection based on this important biomarker. Our current priority is to leverage this research and VAL-083's unique mechanism of action to efficiently advance our drug candidate for the most promising indications, including:

- MGMT-unmethylated GBM, currently comprising two ongoing separate Phase 2 clinical trials for:
  - rGBM patients (ongoing study at MDACC); and
  - Newly diagnosed GBM patients (ongoing study at Sun Yat-sen University); and
- Platinum-resistant ovarian cancer; and
- Undertaking an assessment of the full approval of Avastin on our STAR-3 program and patient selection criteria in order to reach a formal decision on the future of this program within the next 12 months.

### ***Phase 3: VAL-083 STAR-3 GBM Trial***

In July 2017, we initiated our VAL-083 STAR-3 GBM trial as an adaptive, randomized, controlled pivotal Phase 3 clinical trial in patients with GBM whose tumor has progressed following treatment with Avastin (bevacizumab).

Based on a number of factors, including low patient enrollment to-date, and our belief that the recent full approval of Avastin for rGBM may negatively impact the timely recruitment of suitable patients for this trial, we have made the decision to park this trial for up to 12 months while we undertake a detailed assessment of the trial. We are suspending additional enrollment in the STAR-3 trial until:

- Further information is available regarding the potential impact of the recent FDA approval of Avastin on this patient population;
- Further data is available from our ongoing, open label clinical trials in MGMT-unmethylated GBM;
- We have evaluated whether possible protocol amendments designed to increase patient enrollment can be implemented without negatively impacting our ability to recruit subjects with the chance for a measurable clinical benefit following treatment; and/or
- We potentially find a partner to support the costs of the STAR-3 trial.

During this interim evaluation period, we will continue to provide treatment to patients already enrolled in the STAR-3 trial but we will not be recruiting further patients for this trial. During this interim period, we will also consider, on a case-by-case basis, and subject to required institutional and regulatory approvals, providing VAL-083 to patients in this population in accordance with our expanded access policy.

A detailed description of the STAR-3 trial and DelMar's expanded access program can be found at [clinicaltrials.gov](http://clinicaltrials.gov), Identifier Number: NCT03149575 and NCT03138629, respectively.

### **MGMT-unmethylated GBM**

GBM is the most common and the most lethal form of glioma. According to the World Health Organization, GBM occurs with an incidence of 3.17 per 100,000 person-years. Approximately 18,000 new cases of GBM are expected to be diagnosed in the United States and 26,000 in Europe during 2017.

Measurement of MGMT methylation status has become routine in clinical practice as a biomarker that correlates with resistance to the standard-of-care chemotherapy with temozolomide (Temodar® "TMZ"), and patient outcomes in GBM. The majority of GBM patient's tumors are characterized as "MGMT-unmethylated" and exhibit a high expression of O6-methyl guanine methyltransferase ("MGMT"), a naturally occurring DNA-repair enzyme, the activity of which nullifies the chemotherapeutic activity of TMZ. The development of new therapies for MGMT-unmethylated GBM is a significant unmet medical need. Importantly, the most recent update to NCCN guidelines states that the treatment benefit of TMZ is likely to be lower in GBM patients with an unmethylated MGMT promoter and therefore allows for withholding of TMZ in the treatment of newly diagnosed GBM patients with MGMT-unmethylated tumors due to lack of efficacy.

We have demonstrated that VAL-083's anti-tumor mechanism is active independent from the MGMT status *in vitro*. We believe this suggests the potential of VAL-083 as a replacement for the current standard-of-care chemotherapy, temozolomide, in MGMT-unmethylated GBM. We are therefore utilizing MGMT-methylation status to identify GBM patients who are unlikely to respond to temozolomide and instead treat them with VAL-083.

We believe that our research, in the context of the recent amendment to NCCN guidelines, highlights this unmet need and the opportunity for VAL-083 as a potential new standard-of-care in the treatment of MGMT-unmethylated GBM.

#### ***Phase 2 Study in MGMT-unmethylated rGBM in Collaboration with University of Texas MD Anderson Cancer Center***

In February 2017, we initiated a biomarker driven, open-label, single-arm Phase 2 study in collaboration with the University of Texas MD Anderson Cancer Center. This trial will enroll up to 48 MGMT-unmethylated GBM patients whose tumors have recurred following treatment with temozolomide. These patients will not have been treated previously with Avastin.

The primary endpoint of the trial is overall survival. Safety data from this trial will become part of the overall safety dossier to support future filings with the FDA and other regulatory agencies.

As of December 31, 2017, seventeen (17) patients had been enrolled in this trial. We believe a positive outcome from this trial will establish a strong position for VAL-083 in the treatment of MGMT-unmethylated GBM.

Data from the trial will be used to help form potential future clinical trial designs with VAL-083 in MGMT-unmethylated rGBM. We anticipate providing updates regarding the progress of this trial, including safety data and observations regarding outcomes, at scientific meetings during 2018. A detailed description of this trial can be found at [clinicaltrials.gov](http://clinicaltrials.gov), Identifier Number: NCT03050736.

#### ***Phase 2 Trial in Newly Diagnosed MGMT-unmethylated GBM***

In September 2017, we initiated a single arm, biomarker driven, open-label Phase 2 study in newly diagnosed MGMT-unmethylated GBM patients at Sun Yat-sen University Cancer Center in Guangzhou, China. The trial is being conducted in the context of our 2012 collaboration agreement with Guangxi Wuzhou Pharmaceutical (Group) Co. Ltd. Under the terms of this agreement, Guangxi Wuzhou Pharmaceutical (Group) Co. Ltd. is responsible for funding VAL-083 clinical trials that we conduct in China.

In this study, VAL-083 is combined with radiotherapy as a potential replacement for standard-of-care chemoradiation with temozolomide in patients with MGMT-unmethylated GBM. The main goal of the trial will be to confirm the safety of DelMar's optimized dosing regimen in combination with radiotherapy and to investigate outcomes of the combination of VAL-083 and radiotherapy in MGMT-unmethylated GBM patients.

We plan to enroll up to 30 newly diagnosed MGMT-unmethylated GBM patients in this trial. The primary efficacy endpoint is the determination of tumor response in patients measured by progression free survival ("PFS"). Assessments of safety and tolerability will be used to support further clinical development of VAL-083 in combination with radiotherapy. Pharmacokinetic assessments of VAL-083 in plasma and cerebral spinal fluid ("CSF") will be used to correlate drug exposure in the central nervous system with patient outcomes.

We plan to use data from the trial to establish a dosing regimen and trial design for advanced registration-directed clinical trials with VAL-083 in newly diagnosed MGMT-unmethylated GBM.

We anticipate providing updates regarding the progress of this trial, including safety data and observations regarding outcomes, at scientific meetings during 2018. A detailed description of this trial can be found at [clinicaltrials.gov](http://clinicaltrials.gov), Identifier Number: NCT02717962.

### **Ovarian Cancer Summary**

Ovarian cancer is the fifth most common cancer in women and is the leading cause of death among women diagnosed with gynecological malignancies. In 2016, approximately 22,300 women in the US were diagnosed with ovarian cancer and 14,300 died from their disease.

Platinum-based chemotherapy is the standard-of-care in the treatment of advanced ovarian cancer. Ovarian cancer patients whose tumors are sensitive to Pt-based chemotherapy have the most favorable outcome. Recently, the approval of PARP inhibitors in the treatment of ovarian cancer patients demonstrated improved outcomes, particularly in patients whose tumors remain sensitive to Pt-based treatments.

Unfortunately, the development of resistance to Pt-based agents is nearly inevitable, leading to disease recurrence and increased mortality. Ultimately, most women with advanced ovarian cancer develop recurrent disease with progressively shorter disease-free intervals. Those whose tumors recur within 6 months of Pt-based therapy are considered Pt-resistant/refractory and have a very poor prognosis.

Currently, there are no high-efficacy therapeutic options for Pt-resistant ovarian tumors, leaving these cancer patients with a very poor prognosis. The response rate to second line therapy for Pt-resistant ovarian cancer patients is in the 10-15% range and overall survival is approximately 12 months. The development of new chemotherapies and targeted agents to overcome Pt resistance in ovarian cancer is a significant unmet medical need.

### ***Phase 1-2 Study in Platinum-resistant Ovarian Cancer***

In April 2016, the FDA granted orphan drug designation for the use of VAL-083 in the treatment of ovarian cancer.

In September 2017, we received notice of allowance from the FDA of an IND to initiate a Phase 1/2, open-label, multicenter, study of VAL-083 in patients with **R**ecurrent **P**latinum **R**esistant **O**varian Cancer (the REPROVe trial).

The Phase 1 portion of the trial will enroll approximately 24 patients with Pt-resistant ovarian cancer to evaluate the response to treatment with VAL-083.

Ovarian cancer patients enrolled in the trial will have been previously treated with at least two lines of Pt-based chemotherapy and up to two other cytotoxic regimens, and whose cancer has recurred within 6 months of prior Pt-based chemotherapy.

The primary efficacy of the trial will be overall response rate ("ORR") based on Response Evaluation Criteria in Solid Tumors (RECIST) criteria. RECIST is a set of published rules that define when tumors in cancer patients improve ("respond"), stay the same ("stabilize"), or worsen ("progress") during treatment.

We plan to request a meeting with FDA following completion of the Phase 1 portion of the REPROVe trial. If successful, data from this trial may lead to a confirmatory Phase 2 study of approximately 60 patients, which if successful, and subject to feedback from the FDA, may position us to potentially file an application for accelerated approval or to advance to a pivotal Phase 3 trial.

Subject to negotiating acceptable clinical research agreements and budgets with clinical investigators and their institutions and obtaining IRB approvals we anticipate initiating the REPROVe trial in the first half of calendar 2018.

A detailed description of the REPROVe trial can be found at [clinicaltrials.gov](https://clinicaltrials.gov), Identifier Number: NCT03281681.

### **VAL-083 Overview**

Our lead product candidate, VAL-083, is a first-in-class small molecule chemotherapeutic. “First-in-class” means that VAL-083 embodies a unique molecular structure of VAL-083, which is not an analogue or derivative of any approved product, or product under development for the treatment of cancer. Prior VAL-083 clinical trials supported by the US National Cancer Institute (“NCI”) demonstrated activity against a range of cancers including lung, brain, cervical, ovarian tumors, and leukemia. As part of our business strategy, we leverage and build upon these prior NCI investments and data from more than 40 NCI- Phase 1 and Phase 2 clinical trials with our own research to identify and target unmet medical needs in modern cancer care.

DNA-targeting agents are among the most successful and widely used treatments for cancer. Their efficacy is based on the ability to bind with cancer cell’s DNA and interfere with the process of protein production required for growth and survival of cancer cells.

Our research demonstrates the unique mechanism of action of VAL-083 is distinct from other DNA-targeting agents. VAL-083 exhibits its anti-cancer activity by forming DNA-cross links at the N<sup>7</sup> position of guanine leading to DNA double strand breaks, cell-cycle arrest, and cancer cell death. We have presented research at peer-reviewed scientific meetings demonstrating that VAL-083 is active in patient-derived tumor cell lines and cancer stem cells that are resistant to other chemotherapies. These data, combined with clinical activity demonstrated against various cancers in prior NCI-sponsored clinical trials enhance our confidence that VAL-083 may offer an opportunity as a new therapeutic option for patients whose tumors exhibit biological features that cause them to be resistant or unlikely to respond to currently available treatments.

We are currently studying VAL-083 in multiple clinical trials for the treatment of GBM, the most common and aggressive form of brain cancer. We have also received notice of allowance from the FDA for an IND to initiate clinical trials with VAL-083 in the treatment of platinum-resistant ovarian cancer.

The FDA Office of Orphan Products Development has granted orphan drug designations to VAL-083 for the treatment of glioma, ovarian cancer and medulloblastoma. VAL-083 has also been granted an orphan drug designation for the treatment of glioma in Europe. Orphan diseases are defined in the United States under the Rare Disease Act of 2002 as “any disease or condition that affects fewer than 200,000 persons in the United States”. The Orphan Drug Act of 1983 is a federal law that provides financial and other incentives including a seven-year period of market exclusivity in the United States to encourage the development of new treatments for orphan diseases.

### **Fast Track Designation**

In December 2017, the FDA granted Fast Track designation for our lead product candidate, VAL-083, in rGBM.

Fast Track designation is designed to expedite the review of drugs that show promise in treating life-threatening diseases and address unmet medical needs, with the goal of getting new treatments to patients earlier. Fast Track designation provides sponsors with an opportunity for increased frequency for communication with the FDA to ensure an optimal development plan and to collect appropriate data needed to support drug approval. Additional benefits of the Fast Track designation may include an Accelerated Approval, a Priority Review, and a Rolling Review. Accelerated Approval is granted to drugs that demonstrate an effect on a surrogate, or intermediate endpoints, reasonably likely to predict clinical benefit. Priority Review shortens the FDA review process for a new drug from ten months to six months and is appropriate for drugs that demonstrate significant improvements in both safety and efficacy of an existing therapy. Rolling Review provides a drug company the opportunity to submit completed sections of its New Drug Application (“NDA”) for review by the FDA. Typically, NDA reviews do not commence until the drug company has submitted the entire application to the FDA. Through the Fast Track designation, the FDA attempts to ensure that questions raised during the drug development process are resolved quickly, often leading to earlier approval and increased access for patients.

## **VAL-083 Mechanism of Action and the Opportunity in the Treatment of Cancer**

Chemotherapy forms the basis of treatment in nearly all cancers. We believe that VAL-083 may be effective in treating tumors exhibiting biological features that cause resistance to currently available chemotherapy, particularly for patients who have failed, or become resistant to, other treatment regimens.

Based on published research and our own data, the cytotoxic functional groups, and the mechanism of action of VAL-083 are functionally different from alkylating agents commonly used in the treatment of cancer. VAL-083 has previously demonstrated activity in cell-lines that are resistant to other types of chemotherapy. No evidence of cross-resistance has been reported in published clinical studies.

Our research suggests that VAL-083 attacks cancer cells via a unique mechanism of action which is distinct from other chemotherapies used in the treatment of cancer. Our data indicate that VAL-083 forms interstrand crosslinks at the N<sup>7</sup> position of guanine on the DNA of cancer cells. Our data also indicate that this crosslink forms rapidly and is not easily repaired by the cancer cell resulting in cell-cycle arrest and lethal double-strand DNA breaks in cancer cells. VAL-083 readily crosses the blood brain barrier. Published preclinical and clinical research demonstrate that VAL-083 is absorbed more readily in tumor cells than in normal cells.

*In vitro*, our data also demonstrate that VAL-083's distinct mechanism may be able to overcome drug resistance against a range of cancers. For example, VAL-083 is active against MGMT-unmethylated GBM cells which are resistant to treatment with temozolomide and nitrosoureas. VAL-083 also retains a high level of activity in p53 mutated non-small cell lung cancer ("NSCLC"), ovarian cancer and medulloblastoma cell lines that are resistant to platinum-based chemotherapy.

Importantly, clinical activity against each of the tumors mentioned above was established in prior NCI-sponsored Phase 2 clinical trials. We believe that these historical clinical data and our own research support the development of VAL-083 as a potential new treatment for multiple types of cancer.

The main dose-limiting toxicity ("DLT") related to the administration of VAL-083 in previous NCI-sponsored clinical studies and our own clinical trials is myelosuppression, particularly thrombocytopenia. Myelosuppression and thrombocytopenia are common side effects of chemotherapy. Myelosuppression is the decrease in cells responsible for providing immunity, carrying oxygen, and causing normal blood clotting. Thrombocytopenia is a reduction in platelet counts, which assist in blood clotting. Modern medicine allows for better management of myelosuppressive side effects. We believe this offers the potential opportunity to improve upon the drug's already established efficacy profile by substantially increasing the dose of VAL-083 that can be safely administered to cancer patients.

There is no evidence of lung, liver, or kidney toxicity even with prolonged treatment by VAL-083. Data from the Chinese market where the drug has been approved for more than 15 years supports the safety findings of the NCI studies.

### ***Gliomas and Glioblastoma Multiforme ("GBM")***

Gliomas are a type of Central Nervous System ("CNS") tumor that arises from glial cells in the brain or spine. Glial cells are the cells surrounding nerves. Their primary function is to provide support and protection for neurons in the CNS.

GBM is the most common and the most lethal form of glioma. According to the World Health Organization, GBM occurs with an incidence of 3.17 per 100,000 person-years. Approximately 18,000 new cases of GBM are expected to be diagnosed in the United States and 26,000 in Europe during 2017.

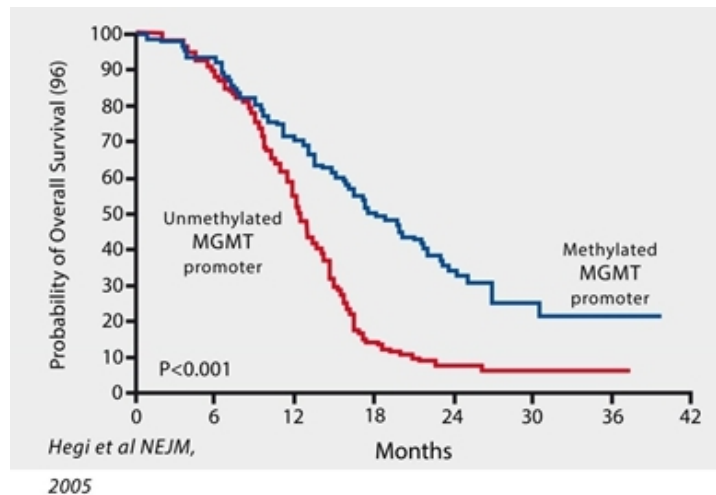
Common symptoms of GBM include headaches, seizures, nausea, weakness, paralysis and personality or cognitive changes such as loss of speech or difficulty in thinking clearly. GBM progresses quickly and patients' conditions deteriorate rapidly progressing to death. The outlook for GBM patients is generally poor. The median survival in newly diagnosed patients with best available treatments is less than 15 months, and one-year and five-year survival rates are approximately 25% and less than 3%, respectively.

In September 2017, the National Comprehensive Cancer Network (“NCCN”), updated treatment guidelines for GBM. The recommended treatment regimen for GBM includes surgical resection to remove as much of the tumor as possible (“debulking”) followed by radiotherapy with concomitant and adjuvant chemotherapy with temozolomide with or without tumor treating fields (“TTF”). GBM patients whose tumors exhibit an unmethylated promoter for the gene encoding the DNA enzyme O<sup>6</sup>-DNA methylguanine methyl-transferase (“MGMT”), a biomarker correlated with resistance to temozolomide, may be treated with radiation alone following surgery.

Patients with an unmethylated MGMT promoter have high levels of MGMT, a naturally-occurring DNA repair enzyme that repairs tumor-fighting lesions induced by TMZ thus allowing a patient’s tumor to continue to grow despite treatment which leads to poor outcomes. Measurement of MGMT methylation status has become routine in clinical practice as biomarker that correlates with response to TMZ and patient outcomes in GBM.

### Probability of GBM Patient Survival Correlated to Expression of MGMT Enzyme

(Unmethylated promoter = High MGMT Expression and Significantly Shorter Survival)



TTF (Optune®) is a non-invasive technique for adults with GBM. TTF uses alternating electrical fields to disrupt tumor cell division, or cause cell death, thereby preventing the tumor from growing or spreading as quickly. A clinical trial reported that GBM patients treated with TTF combined with TMZ experienced longer survival than those treated with TMZ alone.

The majority of GBM patients’ tumors recur within 6 – 12 months of initial treatment. Experimental therapy through clinical trials is recommended under NCCN guidelines for eligible patients. NCCN guidelines also recommend treatment with systemic chemotherapy, such as lomustine (“CCNU”). For patients who are eligible for additional surgical debulking, local chemotherapy with carmustine (“BCNU”) wafers may be employed. CCNU and BCNU target the same DNA-site as TMZ and are also subject to MGMT-related resistance.

Avastin (Avastin®, an anti-VEGF antibody) recently received full FDA approval as a single agent for patients with recurrent GBM following prior therapy in the US, Canada, Australia, and Japan. Avastin carries an FDA “black-box warning” related to severe, sometimes fatal, side effects such as gastrointestinal perforations, wound healing complications and hemorrhage. There are no data demonstrating an improvement in disease-related symptoms or increased survival for GBM patients treated with Avastin.

Recurrent GBM patients, especially those whose tumors progress following treatment with Avastin, have limited or no treatment options and a very poor prognosis. According to published literature, the median survival for GBM patients whose tumors progress following Avastin is less than four months.

**VAL-083 Historical Data and Our Research in GBM**

VAL-083 is first-in-class DNA targeting agent that readily crosses the blood-brain-barrier. Data from prior NCI-sponsored clinical trials with VAL-083 demonstrate activity against GBM and other CNS tumors. In general, historical NCI-sponsored trials demonstrate that tumor regression in brain cancer was achieved in 40% of patients treated and stabilization was achieved in an additional 20% to 30% of brain tumor patients following treatment with VAL-083.

VAL-083 demonstrated statistically significant improvement in the median survival of high grade glioma brain tumors, including GBM when combined with radiation versus radiation alone ( $p < 0.05$ ) with results similar, or superior to, other chemotherapies approved for the treatment of GBM.

**A Summary of Published Data adapted from Separate Sources Comparing the Efficacy of VAL-083 and Other Therapies in the Treatment of GBM**

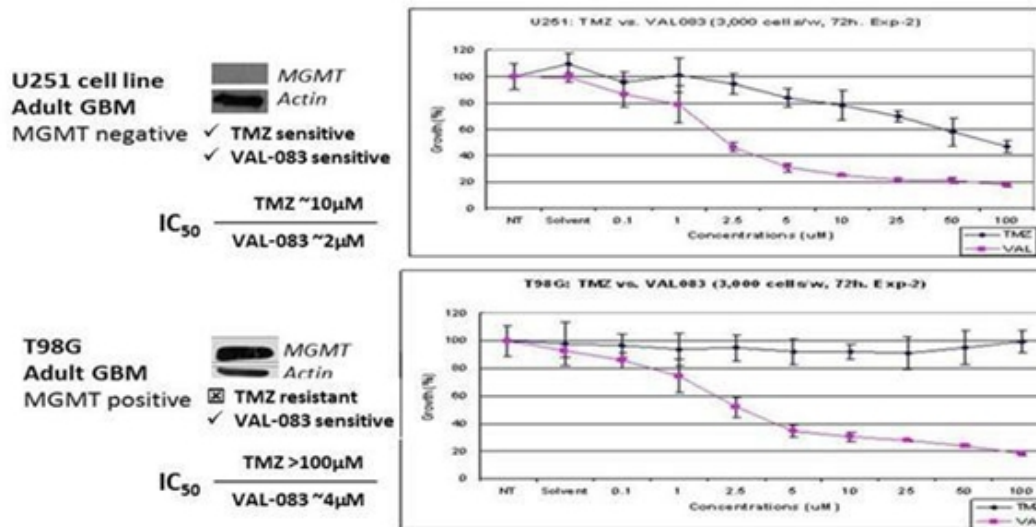
Chemotherapy	Comparative Therapy		Median Survival Benefit vs. XRT alone
	Radiation (XRT) Alone	Radiation + Chemotherapy	
<b>VAL-083 (Eagan 1979)</b>	<b>8.4 months</b>	<b>16.8 months</b>	<b>8.4 months</b>
<i>Temozolomide (Temodar®) (Stupp 2005)</i>	12.1 months	14.6 months	2.5 months
Lomustine (CCNU) (Walker 1976)	11.8 months	13 months	1.2 months
Carmustine (BCNU) (Reagan 1976)	10 months	12.5 months	2.5 months
Semustine (ACNU) (Takakura 1986)	12 months	14 months	2.0 months

**VAL-083 is Active Independent of MGMT**

We have presented data at several peer reviewed meetings demonstrating that VAL-083 is active independent of MGMT resistance in GBM cell lines and other CNS tumor cells. Our research, along with that of others, demonstrates that VAL-083's unique cytotoxic mechanism forms DNA cross-links at the N<sup>7</sup> position of guanine and retains cytotoxic activity independent of MGMT expression *in vitro*. Our studies demonstrate that VAL-083 has more potent activity against brain tumor cells in comparison to TMZ and overcomes resistance associated with MGMT, suggesting the potential to surpass the current standard-of-care in the treatment of GBM.

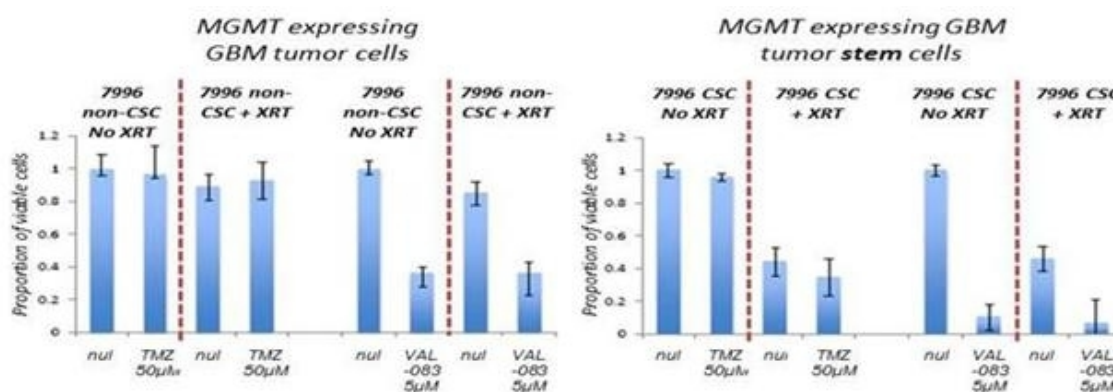


**A Summary of Our Data Demonstrating that VAL-083's Anti-Tumor Mechanism is Distinct from, and can Overcome, MGMT-Related Chemo resistance in the Treatment of GBM**



In addition, historical NCI clinical trial data and our own research support the activity of VAL-083 as a potentiator of radiotherapy. Radiotherapy in combination with temozolomide is the current standard of care in the treatment of newly diagnosed GBM. Our research demonstrates that temozolomide and radiotherapy are ineffective against GBM cells exhibiting a high expression of MGMT, whereas VAL-083 potentiates the tumor-killing effect of radiation independent of MGMT expression. Furthermore, the combination of VAL-083 and radiation has been demonstrated to be active against GBM cancer stem cells (“CSCs”) in vitro. CSCs are often resistant to chemotherapy and form the basis for tumor recurrence and metastasis. GBM CSCs display strong resistance to TMZ, even where MGMT expression is low. However, our data demonstrates that GBM CSCs are susceptible to VAL-083 independent of MGMT expression.

**A Summary of Our Data Demonstrating that VAL-083 Maintains Activity in Both Temozolomide-resistant GBM Cell Lines and Matched Cancer Stem Cells and Potentiates Radiotherapy**



We believe that VAL-083's more potent activity against brain tumor cells in comparison to TMZ, VAL-083's ability to overcome MGMT-mediated resistance, and its activity against GBM CSCs suggests the potential of VAL-083 to surpass the current standard-of-care in the treatment of GBM.

Phase 1 – 2 Clinical Trial Overview and Summary of Results

Forty-eight GBM patients whose disease has progressed following prior treatment with temozolomide and Avastin were enrolled in an open-label, single arm dose-escalation study designed to evaluate the safety, tolerability, pharmacokinetics, and anti-cancer activity of VAL-083. The trial was conducted at five centers in the United States: The Mayo Clinic in Rochester, Minnesota; the Brain Tumor Center at University of California, San Francisco; the Sarah Cannon Cancer Research Center in Nashville, Tennessee, Denver, Colorado; and the SCRI affiliate site at the Florida Cancer Specialist Research Institute in Sarasota, Florida.

Patients received VAL-083 on days 1, 2 and 3 on a 21-day treatment cycle. The Phase 1 portion of the study involved dose escalation cohorts until a maximum tolerated dose ("MTD") was established at 40mg/m<sup>2</sup>. A further 14-patient, Phase 2 expansion was then enrolled at the MTD to gather further safety data at our chosen therapeutic dose and to further explore the outcomes in this patient population.

In May 2016, we held an end of Phase 2 meeting with the FDA in which we discussed with the FDA the design of a Phase 3, registration-directed clinical program for VAL-083 in refractory GBM. Based on the input we received from the FDA, the agency confirmed that it would consider the totality of data available, including data obtained from DelMar's other planned clinical trials in related GBM populations, when assessing the NDA. The FDA also noted that DelMar can rely on prior NCI studies and historical literature to support nonclinical data required for an NDA filing under a 505(b)(2) strategy which allows a sponsor to rely on already established safety and efficacy data in support of an NDA.

We reported updated results of our Phase 1/2 clinical trial at the 2016 ASCO annual meeting. In summary, these data are as follows:

Safety and Tolerability

In the Phase 1 dose escalation regimen, no serious adverse events ("SAE") related to VAL-083 were encountered at doses up to 40 mg/m<sup>2</sup>/day.

Increasing frequency of, and higher grade, hematologic toxicities were observed at doses above 40 mg/m<sup>2</sup>/day. Consistent with the published literature, the observed dose limiting toxicity for VAL-083 is primarily thrombocytopenia (low platelets). Observed platelet nadir occurred at approximately day 18, and recovery was rapid and spontaneous following treatment.

Based on Phase 1 observations, fourteen additional patients were enrolled in a Phase 2 expansion cohort at 40mg/m<sup>2</sup>, which was established as the MTD. Consistent with Phase 1, the dose of VAL-083 of 40 mg/m<sup>2</sup> on days 1, 2 and 3 of a 21-day cycle was generally well tolerated in Phase 2. At this dose, one subject previously treated with CCNU, a nitrosourea agent, reported severe (Grade 4) thrombocytopenia. As a result of this observation, the protocol inclusion criterion for platelet count was increased from 100,000/µL to 150,000/µL for patients receiving prior nitrosoureas within 12 weeks preceding enrollment. No other dose limiting toxicities were observed.

### VAL-083 Safety Observations from Phase 1/2 Clinical Trial

Hematologic parameter and CTCAE grade	dose	≤30 mg/m <sup>2</sup>		40 mg/m <sup>2</sup>		45 mg/m <sup>2</sup>		50 mg/m <sup>2</sup>	
	n =	20		17		4		7	
Anemia	≤G2	11	55%	2	12%	2	50%	6	86%
	G3	2	10%	-	0%	-	0%	-	0%
	G4	-	0%	-	0%	-	0%	-	0%
Leukopenia	≤G2	5	25%	2	12%	-	0%	5	71%
	G3	1	5%	-	0%	-	0%	3	43%
	G4	-	0%	-	0%	2	50%	-	0%
Neutropenia	≤G2	4	20%	-	0%	-	0%	-	0%
	G3	-	0%	-	0%	-	0%	3	43%
	G4	-	0%	-	0%	2	50%	1	14%
Thrombocytopenia	≤G2	9	45%	3	18%	-	0%	3	43%
	G3	-	0%	-	0%	1	25%	3	43%
	G4	-	0%	1	6%	2	50%	1	14%
DLT Observed		nil		1		2		2	

#### Doses Achieved

We confirmed that we achieved doses of VAL-083 that are substantially higher than were utilized in the original published NCI-sponsored clinical trials. A summary in comparison to the NCI's historical regimen is as follows:

Dosing Regimen & Study	Single Dose	Acute Regimen (single cycle)		Comparative Cumulative Dose (@ 35 days)	Dose Intensity (dose per week)
NCI GBM historical regimen ( <i>Eagan et al</i> ) daily x 5 q 5wks (cycle = 35 days)	25 mg/m <sup>2</sup>	x5 days =	125 mg/m <sup>2</sup>	125 mg/m <sup>2</sup>	25 mg/m <sup>2</sup> /wk.
DelMar VAL-083 optimized regimen daily x 3 q 3wks (cycle = 21 days)	40 mg/m <sup>2</sup>	x3 days =	120 mg/m <sup>2</sup>	240 mg/m <sup>2</sup>	40 mg/m <sup>2</sup> /wk.

*Daily x 5 q 5wks* refers to a dosing regimen of once per day for five consecutive days every five weeks (35-day cycle); while *daily x 3 q 3wks* refers to a dosing regimen of once per day for three consecutive days every three weeks (21-day cycle).

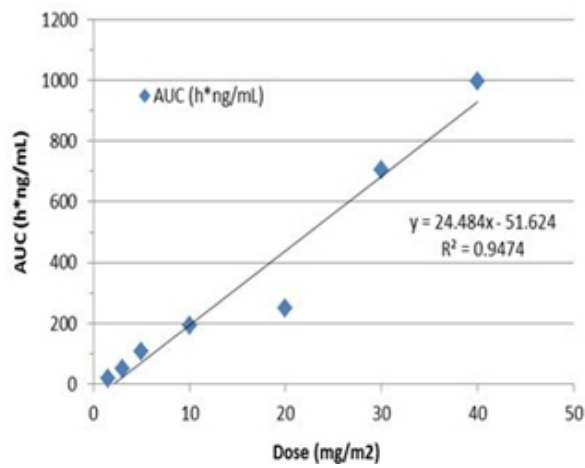
Our optimized dosing regimen increases the amount of VAL-083 delivered to the CNS by 60% over historical regimens without increased toxicity. Thus, the DelMar regimen achieves both a higher maximum concentration and higher overall exposure, which we believe may increase the likelihood of successful treatment outcomes in glioblastoma and other brain tumors.

#### Pharmacokinetics

Pharmacokinetic ("PK") analyses showed dose-dependent linear systemic exposure with a short (1-2h) plasma terminal half-life; average C<sub>max</sub> at 40 mg/m<sup>2</sup>/day was 781 ng/mL (5.3μM). The observed PK profile is comparable to published literature. Prior NCI-sponsored studies demonstrated that VAL-083 readily crosses the blood brain barrier and has a long (>20 hour) half-life in the central nervous system ("CNS").

We believe that this PK profile is optimal for the treatment of brain tumors: A long CNS half-life is expected to maximize exposure of the drug in the brain increasing the likelihood of successful treatment outcomes, while a short plasma half-life is desirable to minimize systemic side effects.

#### Observed pharmacokinetics from VAL-083 Phase 1 clinical trial dose vs. AUC



Based on observed and previously published pharmacokinetics, DelMar believes that therapeutic doses equal to, or above, 20 mg/m<sup>2</sup> daily on days 1, 2 and 3 of a 21-day cycle should deliver sufficient levels of VAL-083 to brain tumors to achieve a therapeutic benefit.

#### MGMT & IDH1

High expression of MGMT and wild-type form of the enzyme isocitrate dehydrogenase (“IDH1”) have been previously shown to be diagnostic markers that correlate with resistance to currently available chemotherapies (e.g. temozolomide or nitrosourea) in the treatment of GBM and poor patient outcomes. Measurement of these biomarkers has become routine in clinical practice.

Notably, we have previously demonstrated that VAL-083’s anti-tumor mechanism is active independent from the MGMT status *in vitro*. We believe we will ultimately be able to use such biomarkers in a prognostic fashion to select the patients most likely to respond to treatment as we expand the clinical development of VAL-083.

MGMT expression was characterized by PCR and/or ELISA for nineteen GBM patients enrolled in our Phase 1/2 study. IDH1 status was reported in eleven patients; both MGMT and IDH1 status were reported in four patients. Notably, all patients whose samples were tested for both markers were MGMT-unmethylated by PCR and wild-type IDH1, a phenotype that is correlated with particularly poor prognosis.

Biomarker	Observation in Phase 1/2 clinical trial
High MGMT (n=19)	84%
IDH-WT (n=11)	90%

Tumor Response and Outcomes

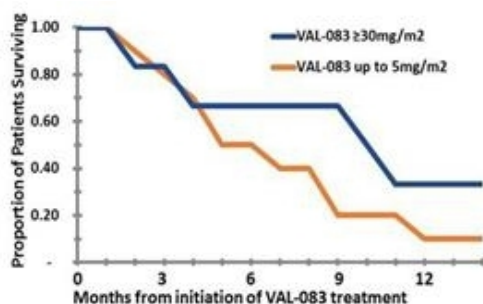
rGBM patients in our Phase 1/2 clinical trial were not re-resected prior to treatment with VAL-083 and therefore had a growing recurrent GBM tumor at the time of enrollment. Patients were monitored for tumor response by MRI.

Consistent with un-resected rGBM, median progression free survival (“PFS”) was short at 1.2 months (range: 0.2 – 20.1 months). Five rGBM patients treated with VAL-083 were reported to have stable disease as their best response following treatment; the remainder reported progressive disease.

Disease progression is typical in a refractory GBM population with non-resected tumors. However, we believe that slowed progression may provide meaningful clinical benefit in this patient population through prolonged overall survival and improved quality of life.

According to published literature, GBM patients failing Avastin have a poor prognosis with expected survival under five months. Ad-hoc subgroup analysis of the Phase 1 dose-escalation data indicated a dose response trend and potential for improved survival. Increased survival was observed following initiation of treatment in a high dose (30 and 40mg/m<sup>2</sup>, n=9) sub-group vs. a low dose (≤5mg/m<sup>2</sup>, n=6) sub-group with median survival of >9 months vs. 4.4 months for the high and low dose groups, respectively. At the time of the analysis, more than half of patients receiving an assumed therapeutic dose survived more than six months following Avastin failure; more than 40% survived for nine months and more than 20% survived for twelve months or more.

**Observed Survival Based on Phase 1 Sub-Group Analysis**



Analysis of twenty-two (22) patients receiving an assumed therapeutic dose of VAL-083 (≥20mg/m<sup>2</sup>) demonstrated median survival of 8.35 months following Avastin failure.

## ASCO 2016: VAL-083 compared to published literature

Reference	Post Avastin Salvage Therapy	Median Survival following Avastin Failure
<b>Shih (2016)</b>	<b>VAL-083</b>	<b>8.35 months</b>
Rahman (2014)	nitrosourea	4.3 months
Mikkelsen (2011)	TMZ + irinotecan	4.5 months
Lu (2011)	dasatinib	2.6 months
Reardon (2011)	etoposide	4.7 months
Reardon (2011)	TMZ	2.9 months
Iwamoto (2009)	various	5.1 months

While recognizing these data are representative of a relatively small, non-controlled Phase 1/2 clinical trial, we believe these outcomes support the potential of VAL-083 to offer meaningful clinical benefit to GBM patients who have failed Avastin, compared to currently available therapy.

### *VAL-083 Historical Data and DelMar Research in Ovarian Cancer*

Ovarian cancer is the fifth most common cancer in women and is the leading cause of death among women diagnosed with gynecological malignancies. In 2016, approximately 22,300 women in the US were diagnosed with ovarian cancer and 14,300 died from their disease.

Without treatment, ovarian cancer spreads within the pelvic region and metastasizes to distant sites such as the lungs, liver, spleen and, rarely, the brain. The initial symptoms of ovarian cancer such as abdominal bloating, indigestion, pelvic pain, or nausea are often attributed to symptoms caused by a less serious condition. Therefore, in most cases, ovarian cancer is not diagnosed until it has progressed to an advanced stage when it is no longer possible to surgically remove all tumor tissue.

When diagnosed at an advanced stage the 5-year survival rate is less than 40%. Women with ovarian cancer receive chemotherapy following surgery to treat residual disease.

Activity against ovarian epithelial adenocarcinoma (“OEA”) and squamous cell carcinoma of the cervix (“SCC”) was reported in in prior NCI-sponsored clinical trials. Importantly, NCI-researchers recommended VAL-083 for further advanced studies in the treatment of ovarian cancer.

Pt-based chemotherapy is employed in the treatment of nearly 50% of all cancer patients and is employed in the treatment regimen or nearly all advanced-stage ovarian cancer patients. Ovarian cancer patients whose tumors are sensitive to Pt-based chemotherapy have the most favorable outcome. Recently, the approval of PARP inhibitors in the treatment of ovarian cancer patients demonstrated improved outcomes, particularly patients whose tumors remain sensitive to Pt-based treatments.

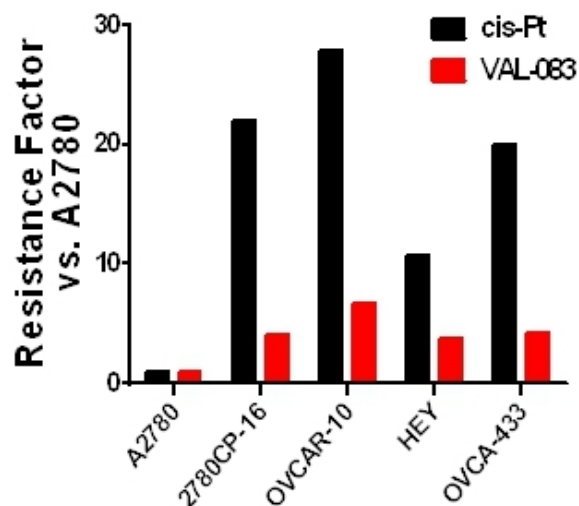
Pt-based chemotherapies function by causing extensive damage to a cancer cell’s DNA. Cancer cells are adept at overcoming DNA damage or employing mechanisms to repair DNA damage induced by Pt-based chemotherapy. One of the most common obstacles to DNA-damaging chemotherapy is mutations to a gene called p53. Cellular processes governed by the p53 gene are critical in assessing DNA damage and determining if a cell should cease from dividing or self-destruct. When p53 does not function properly, cancer cells continue to divide despite the treatment with DNA-damaging chemotherapy, making these drugs ineffective and leading to treatment resistance. This occurs in nearly all cases of the most difficult ovarian cancer to treat – high grade serous ovarian cancer (HGSOC) – which accounts for up to 70% of ovarian cancer cases and approximately 90% of ovarian cancer deaths. P53 mutations are associated with resistance to Pt-based chemotherapy, which leads to treatment failure and increased mortality. Solving this problem is a major goal in the development of new treatments for ovarian cancer.

Unfortunately, the development of resistance to Pt-based agents is nearly inevitable, leading to disease recurrence and increased mortality. Ultimately, most women with advanced ovarian cancer develop recurrent disease with progressively shorter disease-free intervals. Those whose tumors recur within 6 months of Pt-based therapy are considered Pt-resistant/refractory and have a very poor prognosis.

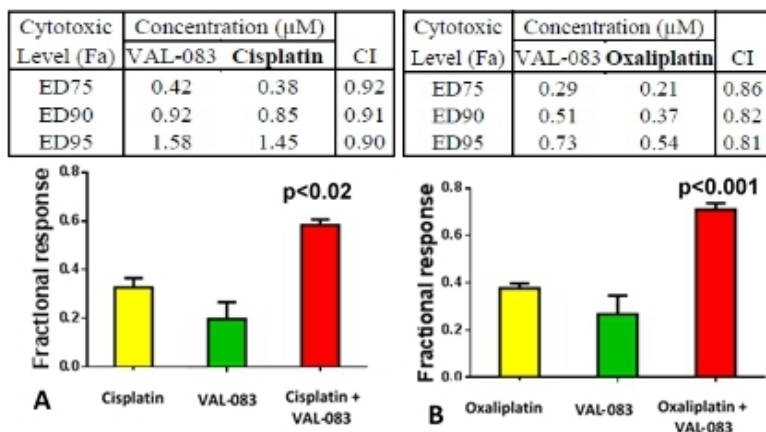
The response rate to second line therapy for Pt-resistant ovarian cancer patients is in the 10-15% range and overall survival is approximately 12 months. The development of new chemotherapies and targeted agents to overcome Pt resistance in ovarian cancer is a significant unmet medical need.

We have presented data demonstrating that VAL-083's distinct mechanism of action allows activity in tumors that are resistant to other therapies. We have shown that cytotoxicity of VAL-083 against ovarian cancer is independent of sensitivity to cisplatin or p53 status *in vitro*. We have demonstrated that VAL-083 is active in Pt-resistant ovarian cells harboring a range of p53-mutations.

Our research has demonstrated that VAL-083 not only overcomes Pt resistance, but the combination of VAL-083 with Pt-based chemotherapy displays synergy in multiple models *in vitro* and *in vivo*. This further suggests a distinct mechanism of action and potential use as part of a VAL-083/Pt-combination therapy.



The combination of VAL-083 with either cisplatin (A) or oxaliplatin (B) in the human H460 (WT p53) NSCLC model demonstrated significant super additivity ( $p \leq 0.05$ ) and/or synergism ( $CI < 1$ ) for both combinations. This cytotoxic effect of VAL-083 in combination with either platinum drug was observed also in A549 (WT p53) and H1975 (mutant p53) NSCLC cells, independently of p53 status (not shown). Data, where applicable, are shown as mean  $\pm$  SE; N=7.



While Pt-based chemotherapy is the standard treatment for ovarian cancer, PARP inhibitors have recently provided a new treatment option for a subset of patients with platinum-sensitive recurrent ovarian cancer. VAL-083 also demonstrates synergistic activity with the PARP inhibitor olaparib *in vitro*, suggesting VAL-083 may have utility in the treatment of ovarian cancer in combination with PARP inhibitors.

We believe that these data demonstrate the potential of VAL-083 to treat platinum-resistant ovarian cancers as a single-agent against platinum-resistant tumors in combination with platinum-based chemotherapeutic regimens or in combination with PARP inhibitors.

### **Other Indications for VAL-083 – Potential Future Opportunities**

#### *VAL-083 in Lung Cancer*

Lung cancer is a leading cause of cancer death around the world and effective treatment for lung cancer remains a significant global unmet need despite advances in therapy. Incidence of lung cancer in the United States is approximately 59 per 100,000 with the majority (52: 100,000) being NSCLC, the most common type of lung cancer. Globally, the market for lung cancer treatment may exceed \$24 billion by 2033 according to a report published by Evaluate Pharma.

The activity of VAL-083 against solid tumors, including lung cancer, has been established in both preclinical and human clinical trials conducted by the NCI. DelMar has developed new nonclinical data to support the utility of VAL-083 in the modern treatment of lung cancer. In an established murine xenograft model of NSCLC, the activity of VAL-083 was compared to standard platinum-based therapy with cisplatin against human NSCLC cell lines A549 (TKI-sensitive) and H1975 (TKI-resistant). In the study, VAL-083 demonstrated superior efficacy and safety in the treatment of TKI-susceptible (A549) tumors and in TKI-resistant (H1975) tumors.

#### *Central Nervous System Metastases of Solid Tumors*

The successful management of systemic tumors by modern targeted therapies has led to increased incidence of mortality due to CNS metastases of lung cancer and other solid tumors. In June 2013, we split our Phase 1/2 clinical trial protocol into two separate studies: one focusing solely on refractory GBM and the other focusing on secondary brain cancers caused by other tumors that have spread to the brain.

Based on historical clinical activity and our own research, we believe that VAL-083 may be suitable for the treatment of patients with CNS metastases who currently have limited treatment options. Subject to the availability of financial and operating resources, we plan to develop a separate protocol for the continued exploration of VAL-083 in patients with secondary brain cancer caused by a solid tumor spreading to the brain.

#### *Pediatric Brain Tumors*

Tumors of the brain and spine make up approximately 20 percent of all childhood cancers and they are the second most common form of childhood cancer after leukemia.

The activity of VAL-083 against childhood and adolescent brain tumors has been established in both preclinical and human clinical trials conducted by the NCI. We have presented data indicating that VAL-083 offers potential therapeutic alternatives for the treatment of pediatric brain tumors including SHH-p53 mutated medulloblastoma. In March 2016, the FDA granted orphan drug designation for the use of VAL-083 in the treatment of medulloblastoma. Subject to the availability of resources, we intend to collaborate with leading academic researchers for the continued exploration of VAL-083 as a potential treatment of childhood brain tumors.

### **Additional Indications for VAL-083**

In historical studies sponsored by the NCI in the United States, VAL-083 exhibited clinical activity against a range of tumor types including central nervous system tumors, solid tumors, and hematologic malignancies. We have established new nonclinical data supporting the activity of VAL-083 in different types of cancer that are resistant to modern targeted therapies and we believe that the unique cytotoxic mechanism of VAL-083 may provide benefit to patients in a range of indications. We intend to continue to research these opportunities, and if appropriate, expand our clinical development efforts to include additional indications.



## Corporate History

We are a Nevada corporation formed on June 24, 2009 under the name Berry Only, Inc. Prior to a reverse acquisition undertaken on January 25, 2013 Berry did not have any significant assets or operations. The Company is the parent company of Del Mar Pharmaceuticals (BC) Ltd. (“DelMar (BC)”), a British Columbia, Canada corporation incorporated on April 6, 2010, that is focused on the development of drugs for the treatment of cancer. The Company is also the parent company to 0959454 B.C. Ltd., a British Columbia corporation (“Callco”), and 0959456 B.C. Ltd., a British Columbia corporation (“Exchangeco”). Callco and Exchangeco were formed to facilitate the reverse acquisition.

References to the Company, “we”, “us”, and “our” refer to the Company and its wholly-owned subsidiaries, DelMar (BC), Callco and Exchangeco.

## Outstanding Securities

As of February 14, 2018, the Company has 21,927,517 shares of common stock issued and outstanding, 932,761 shares of common stock issuable upon exchange of the Exchangeable Shares of Exchangeco (which entitle the holder to require Exchangeco to redeem (or, at the option of the Company or Callco, to have the Company or Callco purchase) the Exchangeable Shares, and upon such redemption or purchase to receive an equal number of shares of common stock of the Company) (the Exchangeable Shares are recognized on an as-exchanged for common stock basis for financial statement purposes), outstanding warrants to purchase 14,004,840 shares of common stock, 881,113 outstanding shares of Series B Preferred Stock that are convertible into 2,202,792 shares of common stock, and outstanding stock options to purchase 1,420,850 shares of common stock. All Exchangeable Shares, warrants, and stock options are convertible, or exercisable into, one share of common stock. Each Series B convertible preferred share is convertible into 2.5 shares of common stock.

## Related Parties

The Company acquired its initial patents and technology rights from Valent, an entity owned by Dr. Dennis Brown, the Company’s Chief Scientific Officer and Director. As a result, Valent is a related party to the Company.

Pursuant to employment and consulting agreements with the Company’s officers the Company recognized a total of \$226,667 (2016 - \$275,000) in expenses for the three months ended December 31, 2017 and \$369,167 (2016 - \$395,000) in expenses for the six months ended December 31, 2017. In addition, at December 31, 2017, the Company also recognized a total of \$311,683 relating to the settlement agreement with the Company’s former President and Chief Operating Officer. Amounts owed to related parties, including to the Company’s former President and Chief Operating Officer, are non-interest bearing and payable on demand.

The Company recognized \$43,750 (2016 – \$37,000) in directors’ fees during the three months ended December 31, 2017 and \$96,250 (2016 - \$82,000) during the six months ended December 31, 2017.

As part of the Series B preferred stock dividend, the Company issued 1,511 (2016 – 1,511) shares of common stock to officers and directors of the Company and recognized an amount of \$1,647 (2016 - \$4,819) for the three months ended December 31, 2017. For the six months ended December 31, 2017, the Company issued 3,022 (2016 – 3,022) shares of common stock and recognized \$2,916 (2016 - \$13,960). All of the dividends have been recognized as a direct increase to deficit.

The Company recorded \$2,089 (2016 - \$2,089) in dividends related to the Series A preferred stock issued to Valent (note 3) for the three months ended December 31, 2017 and \$4,178 (2016 - \$4,178) for the six months ended December 31, 2017.

During the six months ended December 31, 2017, the Company granted a total of 180,000 stock options to the Company’s independent directors. The stock options are exercisable at a price of \$2.11 and have a term of 10 years. One-third of the options vest on June 30, 2018 and 15,000 options vest on a quarterly basis thereafter commencing September 30, 2018. In addition, during the three and six months ended December 31, 2017, the Company granted 120,000 stock options at an exercise price of \$0.87 to its Interim President and Chief Executive Officer. The stock options have a term of 10 years and vest pro rata monthly during the year following grant. The Company also modified certain stock options held by its former President and Chief Operating Officer.

## ***Derivative Liability***

The Company has issued common stock purchase warrants. Based on the terms of certain of these warrants the Company determined that the warrants were a derivative liability which is recognized at fair value at the date of the transaction and re-measured at fair value each reporting period with the changes in fair value recorded in the consolidated condensed interim statement of loss and comprehensive loss.

### ***2013 Investor Warrants***

During the quarter ended March 31, 2013 the Company issued an aggregate of 3,281,250 units at a purchase price of \$3.20 per unit, for aggregate gross proceeds of \$10,500,000 (the "Private Offering"). Each unit consisted of one share of common stock and one five-year warrant (the "2013 Investor Warrants") to purchase one share of common stock at an initial exercise price of \$3.20. The exercise price of the 2013 Investor Warrants is subject to adjustment in the event that the Company issues common stock at a price lower than the exercise price, subject to certain exceptions. The 2013 Investor Warrants are redeemable by the Company at a price of \$0.004 per 2013 Investor Warrant at any time subject to the conditions that (i) the Company's common stock has traded for twenty (20) consecutive trading days with a closing price of at least \$6.40 per share with an average trading volume of 50,000 shares per day, and (ii) the underlying shares of common stock are registered for resale.

As a result of the financing completed by the Company during the three months ended September 30, 2015 the exercise price of all of the 2013 Investor Warrants was reduced from \$3.20 to \$3.14. As a result of the financing completed by the Company during the three months ended September 30, 2017 the exercise price of the un-amended 2013 Investor Warrants was further reduced from \$3.14 to \$2.68. The change in exercise price did not result in a material change in the derivative liability.

#### 2013 Investor Warrant exercises

During the three months ended December 31, 2016, 22,188 of the 2013 Investor Warrants were exercised for 22,188 shares of common stock at an exercise price of \$3.14 per share. The Company received proceeds of \$69,759 from these exercises. The warrants that have been exercised were revalued at their respective exercise dates and then the reclassification to equity was recorded resulting in \$57,466 of the derivative liability being reclassified to equity.

During the six months ended December 31, 2016, 65,095 of the 2013 Investor Warrants were exercised at an exercise price of \$3.14 per share. The Company received proceeds of \$204,659 from these exercises. The warrants that have been exercised were revalued at their respective exercise dates and then the reclassification to equity was recorded resulting in \$238,474 of the derivative liability being reclassified to equity.

There were no exercises of 2013 Investor Warrants during the three or six months ended December 31, 2017.

#### 2013 Investor Warrant amendments

During the year ended June 30, 2016, the Company entered into amendments (the "2013 Investor Warrant Amendments") with the holders of certain of the 2013 Investor Warrants to extend the expiration date to March 31, 2019 and remove the provision requiring an adjustment of the warrant exercise price in the event the Company sells common stock at a purchase price lower than the current warrant exercise price. During the six months ended December 31, 2016, 15,944 of the 2013 Investor Warrants were amended. The warrants that have been amended were revalued at their respective amendment dates and then the reclassification to equity was recorded resulting in \$53,006 of the derivative liability being reclassified to equity.

There were no amendments of the 2013 Investor Warrants during the three or six months ended December 31, 2017.

## 2015 Agent Warrants

As part of the Company's financing completed during the year ended September 30, 2016, the Company issued warrants to purchase 23,477 shares of common stock to certain placement agents ("2015 Agent Warrants") and recognized them as a derivative liability of \$29,594 at the time of issuance. The 2015 Agent Warrants are exercisable at a per share price equal to \$3.00 until July 15, 2020. During the three months ended December 31, 2016, 680 of the 2015 Agent Warrants were exercised for cash proceeds of \$2,040 and 1,000 of the 2015 Agent Warrants were exercised on a cashless basis for 594 shares of common stock. The total reclassification to equity subsequent to revaluation at the respective exercise dates was \$9,935.

There were no exercises of the 2015 Agent Warrants during the three months ended December 31, 2017.

The Company's derivative liability is summarized as follows:

	<b>Three months ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	4,660	590,345
Change in fair value of warrants	889	(361,668)
Reclassification to equity upon exercise of warrants	-	(57,466)
	<u>5,549</u>	<u>171,211</u>
<b>Closing balance</b>	5,549	171,211
Less current portion	(95)	-
	<u>5,454</u>	<u>171,211</u>
<b>Long term portion</b>	5,454	171,211

	<b>Six months ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Opening balance</b>	61,228	693,700
Change in fair value of warrants	(55,679)	(221,074)
Reclassification to equity upon amendment of warrants	-	(53,006)
Reclassification to equity upon exercise of warrants	-	(248,409)
	<u>5,549</u>	<u>171,211</u>
<b>Closing balance</b>	5,549	171,211
Less current portion	(95)	-
	<u>5,454</u>	<u>171,211</u>
<b>Long term portion</b>	5,454	171,211

The derivative liability consists of the following warrants:

	<b>December 31, 2017</b>	
	<b>Number of warrants</b>	<b>\$</b>
2013 Investor Warrants	105,129	23
Warrants issued for services	43,750	72
2015 Agent Warrants	21,768	5,454
	<u>170,647</u>	<u>5,549</u>
<b>Closing balance</b>	170,647	5,549
Less current portion	(148,879)	(95)
	<u>21,768</u>	<u>5,454</u>
<b>Long-term portion</b>	21,768	5,454

## Selected Quarterly Information

The financial information reported herein has been prepared in accordance with accounting principles generally accepted in the United States. The Company's functional currency at December 31, 2017 is the US\$. The following tables represent selected financial information for the Company for the periods presented.

### Selected Balance Sheet Data

	December 31, 2017	June 30, 2017
	\$	\$
Cash	11,021,568	6,586,014
Working capital	9,959,948	6,566,371
Total assets	12,216,116	7,911,021
Derivative liability	5,549	61,228
Total stockholders' equity	9,983,574	6,578,524

### Selected Statement of operations data

#### For the three months ended:

	December 31, 2017	December 31, 2016
	\$	\$
Research and development	2,141,945	1,120,910
General and administrative	1,011,879	571,286
Change in fair value of stock option and derivative liabilities	889	(361,668)
Foreign exchange loss (gain)	7,120	(8,495)
Interest income	(235)	(60)
Net and comprehensive loss for the period	3,161,598	1,321,973
Series B preferred stock dividend	54,066	159,756
Net and comprehensive loss available to common stockholders	3,215,664	1,481,729
Basic weighted average number of shares outstanding	22,559,234	11,424,845
Basic loss per share	0.14	0.13

#### For the six months ended:

	December 31, 2017	December 31, 2016
	\$	\$
Research and development	4,076,588	1,853,639
General and administrative	1,756,500	1,887,925
Change in fair value of stock option and derivative liabilities	(55,679)	(135,980)
Foreign exchange loss	50,986	6,829
Interest income	(391)	(101)
Net and comprehensive loss for the period	5,828,004	3,612,312
Series B Preferred stock dividend	95,732	467,054
Net and comprehensive loss available to common stockholders	5,923,736	4,079,366
Basic weighted average number of shares outstanding	18,882,259	11,363,237
Basic loss per share	0.31	0.36

## Expenses net of share-based payments

The following table discloses research and development, and general and administrative expenses net of share-based payment expenses.

### For the three months ended:

	December 31, 2017 \$	December 31, 2016 \$
Research and development	2,141,945	1,120,910
Share-based (expenses) recovery included in research and development	(126,375)	65,727
Research and development net of non-cash	<u>2,015,570</u>	<u>1,186,637</u>
General and administrative	1,011,879	571,286
Share-based (expenses) recovery included in general and administrative	(102,132)	9,475
General and administrative net of non-cash	<u>909,747</u>	<u>580,761</u>

### For the six months ended:

	December 31, 2017 \$	December 31, 2016 \$
Research and development	4,076,588	1,853,639
Share-based (expenses) recovery included in research and development	(121,401)	9,890
Research and development net of non-cash	<u>3,955,187</u>	<u>1,863,529</u>
General and administrative	1,756,500	1,887,925
Share-based (expenses) recovery included in general and administrative	(170,495)	(580,750)
General and administrative net of non-cash	<u>1,586,005</u>	<u>1,307,175</u>

## Results of Operations

### Comparison of the three months ended December 31, 2017 and December 31, 2016

	Three Months Ended		Change \$	Change %
	December 31, 2017 \$	December 31, 2016 \$		
Research and development	2,141,945	1,120,910	1,021,035	91
General and administrative	1,011,879	571,286	440,593	77
Change in fair value of stock option and derivative liabilities	889	(361,668)	362,557	100
Foreign exchange gain (loss)	7,120	(8,495)	15,615	(184)
Interest income	(235)	(60)	(175)	292
Net loss and comprehensive loss	<u>3,161,598</u>	<u>1,321,973</u>	<u>1,839,625</u>	

### *Research and Development*

Research and development expenses increased to \$2,141,945 for the three months ended December 31, 2017 from \$1,120,910 for the three months ended December 31, 2016. The increase was largely attributable to an increase in clinical development costs, personnel, preclinical research, and non-cash expenses. Non-cash expense for the three months ended December 31, 2017 was the result of stock option expense of \$126,375 while non-cash expense for the three months ended December 31, 2016 was a reversal of stock option expense of \$65,727. During the quarter ended December 31, 2017, the Company entered into a separation agreement with the Company's former President and Chief Operating Officer that required the accelerated vesting of certain stock options. The full expense of the accelerated vesting was recognized during the current quarter.

Excluding the impact of non-cash expense, research and development expenses increased to \$2,015,570 during the three months ended December 31, 2017 from \$1,186,637 for the three months ended December 31, 2016. The increase in clinical development costs for the current quarter compared to the prior quarter was primarily due to drug manufacturing costs and ongoing study expenses for site initiation and patient enrollment for the Company's STAR-3 study which commenced in the quarter ended September 30, 2017. The current quarter also includes ongoing enrollment in the Company's Phase II GBM trial in unmethylated patients being conducted at the MD Anderson Cancer Center. During the quarter ended December 31, 2016, neither the STAR-3 nor the Phase II study at MD Anderson had commenced. Personnel costs increased during the current quarter compared to the prior quarter primarily due to payments owing to the Company's former President and Chief Operating Officer pursuant to the settlement agreement. Preclinical research increased primarily due to an increase in the ongoing mechanism of action research that the Company has undertaken in the current period.

### *General and Administrative*

General and administrative expenses were \$1,011,879 for the three months ended December 31, 2017 compared to \$571,286 for the three months ended December 31, 2016. The increase was partially due to an increase in non-cash expenses in the current quarter compared to the prior quarter. In relation to general and administrative expenses during the three months ended December 31, 2017, the Company incurred non-cash expenses of \$102,132 relating primarily to the accelerated vesting of certain options held by the Company's former President and Chief Operating Officer pursuant to his settlement agreement.

Excluding the impact of non-cash expenses, general and administrative expenses increased in the three months ended December 31, 2017 to \$909,747 from \$580,761 for the three months ended December 31, 2016 largely due to increases in professional fees and personnel. Professional fees increased as a result of costs associated with various matters including preparation for the Company's annual meeting of stockholders, regulatory filings, corporate governance matters, and increased public relations and business development costs. Personnel costs increased during the three months ended December 31, 2017 compared to the three months ended December 31, 2016 as a result of costs accrued to the former President and Chief Operating Officer pursuant to the settlement agreement.

### *Change in fair value of stock option and derivative liabilities*

Based on the terms of certain warrants issued by the Company, the Company determined that the warrants were a derivative liability which is recognized at fair value at the date of the transaction and re-measured at fair value every reporting period with gains or losses on the changes in fair value recorded in the consolidated condensed statement of loss and comprehensive loss. The balances recognized during the three months ended December 31, 2017 and 2016 were primarily due to changes in the Company's common stock price between the date the warrants were last valued on September 30, 2017 and 2016, respectively, which are the valuation dates used for the quarters ended December 31.

The Company recognized a loss of \$889 from the change in fair value of the derivative liability for the three months ended December 31, 2017 and a gain of \$361,668 for the three months ended December 31, 2016.

Changes in the Company's common stock price can result in significant volatility in the Company's reported net loss due to its impact on the fair value of the derivative liability. As a result of revaluation gains and losses, the Company expects that its reported net income or loss will continue to fluctuate significantly.

#### *Foreign Exchange*

The Company's functional currency at December 31, 2017 is the US\$ but the Company incurs a portion of its expenses in CA\$. The foreign exchange gains and losses are reported in other loss (income) in the consolidated condensed interim statement of loss and comprehensive loss.

The Company recognized a foreign exchange loss of \$7,120 for the three months ended December 31, 2017 and a gain of \$8,495 for the three months ended December 31, 2016. The losses were due to changes in the exchange rate between the CA\$ and the US\$ and to varying levels of CA\$ cash and accounts payable.

#### *Preferred Share Dividends*

For each of the three months ended December 31, 2017 and 2016, the Company recorded \$2,089 related to the dividend payable to Valent on the Series A preferred stock. The dividend has been recorded as a direct increase in accumulated deficit for both periods.

The Company issued 49,602 (2016 – 50,096) shares of common stock on December 31, 2017 as a dividend on the Series B Preferred stock and recognized \$54,066 (2016 - \$159,756) as a direct increase in accumulated deficit.

#### **Comparison of the six months ended December 31, 2017 and December 31, 2016**

	<b>Six months ended</b>		<b>Change</b>	<b>Change</b>
	<b>December 31,</b>	<b>December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>\$</b>	<b>%</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
Research and development	4,076,588	1,853,639	2,222,949	120
General and administrative	1,756,500	1,887,925	(131,425)	(7)
Change in fair value of stock option and derivative liabilities	(55,679)	(135,980)	80,301	(59)
Foreign exchange loss	50,986	6,829	44,157	647
Interest income	(391)	(101)	(290)	287
Net loss and comprehensive loss	5,828,004	3,612,312	2,215,692	

#### *Research and Development*

Research and development expenses increased to \$4,076,588 for the six months ended December 31, 2017 from \$1,853,639 for the six months ended December 31, 2016. The increase was largely attributable to an increase in clinical development costs, personnel, preclinical research, and non-cash expenses. For the six months ended December 31, 2017, non-cash expense related to stock option expense only while for the six months ended December 31, 2016, non-cash expense related to warrants issued for services as well as stock option expense. Non-cash expense for the six months ended December 31, 2017 was \$121,401 while non-cash expense for the six months ended December 31, 2016 was \$9,890. The change was primarily due to the accelerated vesting of certain options held by the Company's former President and Chief Operating Officer pursuant to his settlement agreement.

Excluding the impact of non-cash expense, research and development expenses increased to \$3,955,187 during the current period from \$1,863,529 for the prior period. The increase in clinical development costs for the six months ended December 31, 2017 compared to the six months ended December 31, 2016 was primarily due to manufacturing costs and site initiation expenses for the commencement of patient enrollment for the Company's STAR-3 study. Also, during the current period, enrollment in the Company's Phase II GBM trial in unmethylated patients being conducted at the MD Anderson Cancer Center was ongoing. In the six months ended December 31, 2016, neither of these studies had commenced. Personnel costs increased during the current quarter compared to the prior quarter primarily due to payments owing to the Company's former President and Chief Operating Officer pursuant to the settlement agreement. Preclinical research increased primarily due to an increase in the ongoing mechanism of action research that the Company has undertaken in the current period.

#### *General and Administrative*

General and administrative expenses were \$1,756,500 for the six months ended December 31, 2017 compared to \$1,887,925 for the six months ended December 31, 2016. The decrease was primarily due to a decrease in non-cash expenses in the current quarter compared to the prior quarter. In relation to general and administrative expenses during the six months ended December 31, 2017, the Company incurred non-cash expenses of \$170,495 relating to warrants issued for services and stock option expense while during the six months ended December 31, 2016, the Company incurred non-cash expenses of \$580,750 relating to shares and warrants issued for services, and stock option expense.

Excluding the impact of non-cash expenses, general and administrative expenses increased in the six months ended December 31, 2017 to \$1,586,005 from \$1,307,175 for the six months ended December 31, 2016. The increase was due to higher personnel and professional fees. Personnel costs increased during the current quarter compared to the prior quarter primarily due to payments owing to the Company's former President and Chief Operating Officer pursuant to the settlement agreement. Professional fees incurred during the six months ended December 31, 2017 relate to various matters including preparation for the Company's annual meeting of stockholders, completing the Company's 2017 Omnibus Incentive Plan, regulatory filings, and corporate governance matters. In the six months ended December 31, 2016, the costs were incurred related to preparing for the Company's uplisting of its common stock on the Nasdaq Stock Market as well as fees associated with one-time listing activities, and the filing of three registration statements with the SEC that were all declared effective in September 2016.

#### *Change in fair value of stock option and derivative liabilities*

Based on the terms of certain warrants issued by the Company, the Company determined that the warrants were a derivative liability which is recognized at fair value at the date of the transaction and re-measured at fair value every reporting period with gains or losses on the changes in fair value recorded in the consolidated condensed statement of loss and comprehensive loss. The balances recognized during the six months ended December 31, 2017 and 2016 were primarily due to changes in the Company's common stock price between the date the warrants were last valued on June 30, 2017 and 2016, respectively, which are the valuation dates used for the quarters ended December 31.

The Company recognized a gain of \$55,679 from the change in fair value of the derivative liability for the six months ended December 31, 2017 and a gain of \$135,980 for the six months ended December 31, 2016.

Changes in the Company's common stock price can result in significant volatility in the Company's reported net loss due to its impact on the fair value of the derivative liability. As a result of revaluation gains and losses, the Company expects that its reported net income or loss will continue to fluctuate significantly.

Certain of the Company's stock options have been issued in \$CDN. Of these, a portion were classified as a stock option liability which is revalued at each reporting date. During the six months ended December 31, 2016, the Company amended 43,750 of these stock options held by five optionees such that the exercise price of the options was adjusted to be denominated in \$USD. No other terms of the stock options were amended. As a result of the amendment, the Company recognized \$85,094 in stock option liability expense and \$260,969 was reclassified to equity during the six months ended December 31, 2016.



### Foreign Exchange

The Company's functional currency at December 31, 2017 was the US\$, but the Company incurs a portion of its expenses in CA\$. The foreign exchange gains and losses are reported in other loss (income) in the consolidated condensed interim statement of loss and comprehensive loss.

The Company recognized foreign exchange losses of \$50,986 and \$6,829 for the six months ended December 31, 2017 and 2016, respectively. The losses were due to changes in the exchange rate between the CA\$ and the US\$ and to varying levels of CA\$ cash and accounts payable.

### Preferred Share Dividends

For each of the six months ended December 31, 2017 and 2016, the Company recorded \$4,718 related to the dividend payable to Valent on the Series A preferred stock. The dividend has been recorded as a direct increase in accumulated deficit for both periods.

The Company issued 99,204 (2016 – 100,889) shares of common stock on December 31, 2017 as a dividend on the Series B Preferred stock and recognized \$95,732 (2016 - \$467,054) as a direct increase in accumulated deficit.

### Liquidity and Capital Resources

#### Six months ended December 31, 2017 compared to the six months ended December 31, 2016

	December 31, 2017 \$	December 31, 2016 \$	Change \$	Change %
Cash flows from operating activities	(4,505,604)	(3,062,408)	(1,443,196)	47
Cash flows from financing activities	8,941,158	322,521	8,618,367	2,672

### Operating Activities

Net cash used in operating activities increased to \$4,505,604 for the six months ended December 31, 2017 from \$3,062,408 for the six months ended December 31, 2016. During the six months ended December 31, 2017 and 2016 the Company reported net losses of \$5,828,004 and \$3,612,312, respectively. During the six months ended December 31, 2017, the Company recorded a gain from the revaluation of the derivative and stock option liabilities of \$55,679 compared to a gain of \$135,980 for the six months ended December 31, 2016. Excluding the impact of changes in the fair value of the derivative and stock option liabilities, non-cash items relating to amortization, warrants issued for services, and stock option expense totaled \$303,106 for the six months ended December 31, 2017. Non-cash items relating to amortization, shares and warrants issued for services, and stock option expense totaled \$578,576 for the six months ended December 31, 2016. The most significant change in non-cash working capital for the six months ended December 31, 2017 was cash from an increase in accounts payable and accrued liabilities of \$646,825 and from an increase in related party payables of \$308,899. The most significant change in non-cash working capital for the six months ended December 31, 2016 was cash from an increase in related party payables of \$161,937.

### Financing Activities

During the six months ended December 31, 2017, the Company received \$8,945,336 in net proceeds from the completion of a registered direct offering by the Company of common stock and common stock purchase warrants. During the six months ended December 31, 2016 the Company received \$326,699 from the exercise of warrants. In addition, the Company recorded \$4,178 related to the dividend payable to Valent during each of the six months ended December 31, 2017 and 2016, respectively.

## **Operating Capital and Capital Expenditure Requirements**

### **Liquidity Risk**

(See note 1 to the consolidated condensed interim financial statements)

For the six months ended December 31, 2017, the Company reported a loss of \$5,828,004 and the Company had an accumulated deficit of \$47,046,347 at that date. As at December 31, 2017, the Company had cash on hand of \$11,021,568. During the six months ended December 31, 2017, the Company received \$8,945,336 in net proceeds from a registered direct offering. We believe, based on our current estimates, that we will be able to fund our operations beyond the next twelve months.

The Company does not have the prospect of achieving revenues in the near future and the Company will require additional funding for its clinical trials, to maintain its research and development projects, and for general operations. There is a great degree of uncertainty with respect to the expenses the Company will incur in executing its business plan. Consequently, management continually evaluates various financing alternatives to fund the Company's operations so it can continue as a going concern in the medium to longer term.

There is no assurance that our cost estimates will prove to be accurate or that unforeseen events, problems or delays will not occur with respect thereto. The ability of the Company to meet its obligations and continue the research and development of its product candidate beyond the next twelve months is dependent on its ability to continue to raise adequate financing. There can be no assurance that such financing will be available to the Company in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Company. The Company may tailor its drug candidate development program based on the amount of funding the Company raises.

Our future funding requirements will depend on many factors, including but not limited to:

- the rate of progress and cost of our clinical trials, preclinical studies and other discovery and research and development activities;
- the costs associated with establishing manufacturing and commercialization capabilities;
- the costs of acquiring or investing in businesses, product candidates and technologies;
- the costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;
- the costs and timing of seeking and obtaining FDA and other regulatory approvals;
- the effect of competing technological and market developments; and
- the economic and other terms and timing of any collaboration, licensing or other arrangements into which we may enter.

Until we can generate a sufficient amount of product revenue to finance our cash requirements, which we may never do, we expect to finance future cash needs primarily through public or private equity offerings, debt financings or strategic collaborations. Economic conditions may affect the availability of funds and activity in equity markets. We do not know whether additional funding will be available on acceptable terms, or at all. If we are not able to secure additional funding when needed, we may have to delay, reduce the scope of or eliminate one or more of our clinical trials or research and development programs or make changes to our operating plan. In addition, we may have to seek a partner for one or more of our product candidate programs at an earlier stage of development, which would lower the economic value of those programs to us.

### **Critical Accounting Policies**

The preparation of financial statements, in conformity with generally accepted accounting principles in the United States, requires companies to establish accounting policies and to make estimates that affect both the amount and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require judgments about matters that are inherently uncertain and therefore actual results may differ from those estimates.

A detailed presentation of all of the Company's significant accounting policies and the estimates derived there from is included in Note 2 to the Company's consolidated financial statements for the year ended June 30, 2017 contained in our Form 10-K filed with the SEC on September 27, 2017. While all of the significant accounting policies are important to the Company's consolidated financial statements, the following accounting policies and the estimates derived therefrom are critical:

- Warrants and shares issued for services
- Stock options
- Derivative liability
- Clinical trial accruals

#### Warrants and shares issued for services

Periodically, the Company has issued equity instruments for services provided by employees and nonemployees. The equity instruments are valued at the fair value of the instrument granted.

#### Stock options

The Company accounts for these awards under ASC 718, "Compensation - Stock Compensation" ("ASC 718"). ASC 718 requires measurement of compensation cost for all stock-based awards at fair value on the date of grant and recognition of compensation over the requisite service period for awards expected to vest. Compensation expense for unvested options to non-employees is revalued at each period end and is being amortized over the vesting period of the options. The determination of grant-date fair value for stock option awards is estimated using the Black-Scholes model, which includes variables such as the expected volatility of the Company's share price, the anticipated exercise behavior of its grantee, interest rates, and dividend yields. These variables are projected based on the Company's historical data, experience, and other factors. Changes in any of these variables could result in material adjustments to the expense recognized for non-cash expenses. Such value is recognized as expense over the requisite service period, net of estimated forfeitures, using the straight-line attribution method. The estimation of stock awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from current estimates, such amounts are recorded as a cumulative adjustment in the period estimates are revised. The Company considers many factors when estimating expected forfeitures, including type of awards granted, employee class, and historical experience. Actual results and future estimates may differ substantially from current estimates.

#### Derivative liability

The Company accounts for certain warrants under the authoritative guidance on accounting for derivative financial instruments indexed to, and potentially settled in, a company's own stock, on the understanding that in compliance with applicable securities laws, the warrants require the issuance of securities upon exercise and do not sufficiently preclude an implied right to net cash settlement. The Company classifies warrants in its balance sheet as a derivative liability which is fair valued at each reporting period subsequent to the initial issuance. As quoted prices for the derivative liability are not available, the Company uses a simulated probability valuation model to value the warrants. Determining the appropriate fair-value model and calculating the fair value of warrants requires considerable judgment. Any change in the estimates used may cause the value to be higher or lower than that reported. The estimated volatility of the Company's common stock at the date of issuance, and at each subsequent reporting period, is based on the historical volatility of similar life sciences companies. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the warrants at the valuation date. The expected life of the warrants is assumed to be equivalent to their remaining contractual term.

#### Clinical trial accruals

Clinical trial expenses are a component of research and development costs and include fees paid to contract research organizations, investigators and other service providers who conduct specific research for development activities on behalf of the Company. The amount of clinical trial expenses recognized in a period related to service agreements is based on estimates of the work performed on an accrual basis. These estimates are based on patient enrollment, services provided and goods delivered, contractual terms and experience with similar contracts. The Company monitors these factors by maintaining regular communication with the service providers. Differences between actual expenses and estimated expenses recorded are adjusted for in the period in which they become known. Prepaid expenses or accrued liabilities are adjusted if payments to service providers differ from estimates of the amount of service completed in a given period.

#### **Off-Balance Sheet Arrangements**

The Company does not have any off balance sheet arrangements.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not required for a smaller reporting company.

**Item 4. Controls and Procedures.****Disclosure Controls and Procedures**

Management, with the participation of the Interim Chief Executive Officer and Chief Financial Officer, conducted an evaluation (as required by Rule 13a-15 under the Exchange Act) of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our Interim Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report, due to the material weakness in internal control over financial reporting as discussed in the Company's Annual Report on Form 10-K for the year ended June 30, 2017, filed with the SEC on September 27, 2017.

**Changes in internal controls**

There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II - OTHER INFORMATION****Item 1. Legal Proceedings.**

There are no legal proceedings the Company is party to or any of its property is subject to.

**Item 1A. Risk Factors.**

Not required for a smaller reporting company.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

During the three months ended December 31, 2017, we issued 49,602 shares of common stock as dividends on our outstanding shares of Series B Preferred Stock.

In connection with the foregoing, we relied upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, for transactions not involving a public offering.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

## Item 5. Other Information.

On February 9, 2018, our Board of Directors amended and restated the DelMar Pharmaceuticals, Inc. 2017 Omnibus Equity Incentive Plan (the “2017 Plan”), which was initially adopted by the Board on July 7, 2017, to (i) eliminate certain provisions that were intended to allow for grants of awards that would be treated as “performance-based compensation” under Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, since such types of awards were eliminated by federal tax reform legislation signed into law on December 22, 2017, (ii) increase the number of shares of our common stock that may be granted under the 2017 Plan from 3,487,785 to 7,800,000 shares, (iii) eliminate the 2017 Plan’s “evergreen” provision that would have maintained the number of shares of common stock available for issuance with respect to awards at any time under the 2017 Plan to thirteen percent (13%) of our fully diluted shares of common stock, and (iv) limit the number of shares of our common stock that may be subject to awards made to any person in any calendar year to 8% of our fully diluted shares of common stock on the date of grant (excluding the number of shares of common stock issued under the 2017 Plan and/or the Del Mar Pharmaceuticals (BC) Ltd. 2013 Amended and Restated Stock Option Plan (the “Legacy Plan”) or subject to outstanding awards granted under the 2017 Plan or Legacy Plan). The Company intends to seek shareholder approval of the 2017 Plan, as amended and restated, at the next annual meeting of shareholders.

## Item 6. Exhibits.

No.	Description
10.1	<a href="#"><u>Consulting Services Agreement, dated November 3, 2017, between Delmar Pharmaceuticals Inc. and Del Mar Pharmaceuticals (BC) Ltd. and Saiid Zarrabian (incorporated by reference to Exhibit 10.1 of the Company’s Current Report on Form 8-K filed with the SEC on November 8, 2017).</u></a>
10.2	<a href="#"><u>Form of Indemnification Agreement (incorporated by reference to Exhibit 10.2 of the Company’s Current Report on Form 8-K filed with the SEC on November 8, 2017)</u></a>
10.3	<a href="#"><u>Settlement Agreement, dated January 1, 2018, between Delmar Pharmaceuticals, Inc. and Jeffrey Bacha.*</u></a>
10.4	<a href="#"><u>DelMar Pharmaceuticals, Inc. 2017 Omnibus Equity Incentive Plan (As Amended and Restated Effective as of February 1, 2018)*</u></a>
31.1	<a href="#"><u>Rule 13a-14(a)/ 15d-14(a) Certification of Chief Executive Officer*</u></a>
31.2	<a href="#"><u>Rule 13a-14(a)/ 15d-14(a) Certification of Chief Financial Officer*</u></a>
32.1	<a href="#"><u>Section 1350 Certification of Chief Executive Officer**</u></a>
32.2	<a href="#"><u>Section 1350 Certification of Chief Financial Officer**</u></a>
EX-101.INS	XBRL INSTANCE DOCUMENT
EX-101.SCH	XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT
EX-101.CAL	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
EX-101.LAB	XBRL TAXONOMY EXTENSION LABELS LINKBASE
EX-101.PRE	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE

\* Filed herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**DelMar Pharmaceuticals, Inc.**

Date: February 14, 2018

By: /s/ Saiid Zarrabian  
Saiid Zarrabian  
Interim President and Chief Executive Officer  
(Principal Executive Officer)

Date: February 14, 2018

By: /s/ Scott Prail  
Scott Prail  
Chief Financial Officer (Principal Financial  
and Accounting Officer)

**SETTLEMENT AGREEMENT**

THIS SETTLEMENT AGREEMENT is made on December 22, 2017.

BETWEEN:

**DELMAR PHARMACEUTICALS INC. and DELMAR PHARMACEUTICALS (B.C.) LTD.**

(collectively "**DelMar**" or the "Company")

AND:

**JEFFREY BACHA**

(the "**Employee**")

WHEREAS:

- A. The Employee has been employed by DelMar most recently as its President and Chief Operating Officer pursuant to a written contract of employment dated July 1, 2016 as amended by way of letter agreement dated November 3, 2017 (the "**Employment Agreement**");
- B. DelMar has advised the Employee of its intention to terminate his employment without just cause; and
- C. The Employee and DelMar have reached an agreement to fully and finally settle any matters in relation to the Employee's employment and the termination of that employment on the terms and conditions set out in this Settlement Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS CONTAINED HEREIN:

- 1. The Parties acknowledge, agree and confirm as follows:
    - (a) The Employee shall continue to serve as President and Chief Operating Officer until January 1, 2018. During such time, the Employee shall provide transitional assistance.
    - (b) DelMar shall pay to the Employee his regular base salary until January 1, 2018.
    - (c) DelMar shall pay to the Employee all accrued but unused vacation pay up to January 1, 2018, which the parties hereto agree to be 30 days.
    - (d) Following the termination of employment effective January 1, 2018 and pursuant to section 4.2(a)(iii) of the Employment Agreement, DelMar shall pay to the Employee the sum of US\$270,833.33, which is the equivalent of 13 months' base salary.
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- (e) Pursuant to section 4.2(a)(ii) of the Employment Agreement, DelMar shall pay to the Employee a further sum of US\$9,600.00 which is the equivalent of 12 months' compensation in lieu of benefits.
- (f) All unvested stock options held by the Employee shall vest immediately on the date hereof in accordance with section 4.2(b) of the Employment Agreement. The Employee shall have until December 31, 2020 to exercise vested options.
- (g) The Employee and DelMar shall enter into a consulting services agreement whereby the Employee shall provide consulting services to DelMar on an as needed basis up to 40 hours per week from January 1, 2018 to April 30, 2018. DelMar shall pay to the Employee a fixed consulting fee of US\$20,833.00 per month, regardless of whether the number of hours required by DelMar for the Employee to provide such consulting services is less than 40 hours per week. The term of such consulting services agreement may be extended on a part-time basis by mutual agreement between DelMar and the Employee on terms to be established by the parties.
- (h) DelMar shall reimburse the Employee for any properly incurred business expenses submitted with appropriate documentation in accordance with DelMar's expense reimbursement policies up to December 31, 2017. Any amounts previously paid to the Employee as expense reimbursements that cannot be supported with appropriate documentation or were not legitimate business expenses in accordance with Company policy will be repaid to DelMar by the Employee. The Employee consents to have any such expense reimbursement overpayments deducted from the consulting fees set out in paragraph 1(g) above.
- (i) All payments provided hereunder will be made in a timely manner and in any event no later than January 31, 2018 and shall be subject to applicable statutory withholdings, provided however that the parties agree to use commercially reasonable efforts to structure such payments in a tax efficient manner for the benefit of the Employee.
- (j) The Employee confirms that he remains bound by: (i) the confidentiality provisions contained in sections 6.1 and 6.2 of the Employment Agreement; and (ii) the non-competition and non-solicitation provisions set out in sections 6.3 and 6.4 of the Employment Agreement, provided however that the Employee shall not be prohibited from maintaining or establishing advisory roles with patient advocacy or not-for-profit research organizations such as, but not limited to, the National Brain Tumor Society and further that DelMar shall not unreasonably withhold consent for Employee's engagement with organizations involved in the advancement of glioblastoma multiforme (GBM) treatments.
- (k) The Employee hereby agrees not to stand for reelection to the Board of Directors of the Company at DelMar's Annual General Meeting to be held on or about April 11, 2018.



2. In consideration of DelMar entering into this Settlement Agreement and other good and valuable consideration (as more particularly described in paragraph 1 above), the Employee hereby remises, releases and forever discharges DelMar, its subsidiary companies, and as applicable all of their respective officers, directors, partners, shareholders, employees, agents, successors, administrators, executors, heirs and assigns of and from any and all actions, causes of action, suits, debts, dues, accounts, costs, legal costs, contracts, claims and demands of every nature or kind, statutory or otherwise, including any claims made pursuant to the Employment Standards Act (BC), the Human Rights Code (BC), which the Employee, and, as applicable, the Employee's agents, successors, administrators, executors, heirs and assigns now have or at any time hereafter can, shall or may have in any way arising or resulting from any cause, matter, or anything whatsoever existing up to and including the last date of the Employee's employment with DelMar, other than (a) DelMar's obligations hereunder and (b) DelMar's continuing obligations to the Employee under the Indemnity Agreement dated November 3, 2017.

3. The Employee agrees that the terms of this Settlement Agreement shall not constitute nor be deemed to be an admission of liability by DelMar in respect of any claim which the Employee hereto presently has or hereafter can, shall or may have and any such liability by DelMar is in fact expressly denied. The terms of this Settlement Agreement are contractual and not merely a recital.

4. The Employee further agrees that he will not make any claim or take any proceedings against any other person or corporation who might claim contribution or indemnity from DelMar hereto in respect of the subject matter of this Settlement Agreement except in respect of the Indemnity Agreement.

5. The Employee further understands and agrees that the payment by DelMar of the said consideration is a compromise and is not to be construed or considered to be an admission on the part of either DelMar in respect of any claim the Employee presently has, or hereafter can, shall or may have in the future and any liability of DelMar is in fact expressly denied.

6. This Settlement Agreement is binding on the Employee's heirs, executors, administrators, agents and assigns and enures to the benefit of the officers, directors, shareholders, employees, agents, successors, administrators and assigns of DelMar and its respective subsidiaries.

7. The Employee further understands and agrees that the Employee will not disclose, except in the necessary conduct of his business, to his legal and financial advisors (and then only to the extent absolutely necessary) or unless required to do so by law, the fact of, or the terms of, the settlement between the Employee and DelMar.

8. It is further understood and agreed that the Employee will not make any adverse or unfavorable statements concerning DelMar, its subsidiaries or any of their respective officers, directors, shareholders or employees in the context of such relationships of the Employee and such persons related to his employment at the Company or concerning any relationship the Employee had with DelMar or any of its subsidiaries, or any of their respective officers, directors, shareholders or employees.

9. It is further understood and agreed that DelMar will not make any adverse or unfavorable statements concerning the Employee concerning any relations the Employee had with DelMar or any of its subsidiaries, or any of its respective officers, directors, shareholders or employees.

10. It is further understood and agreed that the Employee hereby represents and declares that the Employee executes this Settlement Agreement as the Employee's own free act for the consideration set forth herein (and has not been influenced to any extent whatsoever in executing this Settlement Agreement by any representations or statements made by DelMar, or by any person on behalf of DelMar) and that the Employee has read this Settlement Agreement and has had the opportunity to take independent legal advice as to its terms and the Employee acknowledges that DelMar relies on this representation *and* declaration.

11. The Employee confirms that he has the opportunity to receive independent legal advice prior to executing this document and he voluntarily accepts the consideration offered for the purpose of making a full and final compromise and settlement of all claims aforesaid.

12. In consideration of the Employee entering into this Settlement Agreement and other good and valuable consideration (as more particularly described in this Settlement Agreement), the Company on its own behalf and on behalf of its subsidiary companies, hereby remises, release and forever discharges the Employee, and as applicable all of his administrators, executors, heirs and assigns of and from any and all actions, causes of action, suits, debts, dues, accounts, costs, legal costs, contracts, claims and demands of every nature or kind, statutory or otherwise, which the Company or any of its subsidiary companies, successors, assigns, administrators, executors, now have or at any time hereafter can, shall or may have in any way arising or resulting from any cause, matter, or anything whatsoever existing up to and including the last date of the Employee's employment with DelMar, other than the Employee's obligations hereunder, including without limitation the Employee's employment with DelMar save and except that the Employee shall not be remised, released or discharged of any claims arising out of the illegal, fraudulent or grossly negligent acts or omissions on the part of the Employee during the term of his employment with DelMar.

13. The Parties hereto agree that this Settlement Agreement contains the entire agreement between the Parties.

*[Signature page follows]*

IN WITNESS WHEREOF the Parties have hereunto set their hands as of the date first above written.

**DELMAR PHARMACEUTICALS INC.**

Per: /s/ Saiid Zarrabian  
Authorized Signatory

**DELMAR PHARMACEUTICALS (B.C.) LTD.**

Per: /s/ Saiid Zarrabian  
Authorized Signatory

SIGNED, SEALED AND DELIVERED in )  
The presence of: )  
 )  
/s/Dennis M. Brown )  
Witness )  
Dennis M. Brown )  
Name )  
 )  
Address )  
 )  
Consultant )  
Occupation )

/s/ JEFFREY BACHA  
**JEFFREY BACHA**

*[Signature Page - Settlement & Release]*

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## DELMAR PHARMACEUTICALS, INC.

## 2017 OMNIBUS EQUITY INCENTIVE PLAN

(As Amended and Restated Effective as of February 1, 2018)

**1. Establishment and Purpose**

1.1 The purpose of the DelMar Pharmaceuticals, Inc. 2017 Omnibus Equity Incentive Plan (the "Plan") is to provide a means whereby eligible employees, officers, non-employee directors and other individual service providers develop a sense of proprietorship and personal involvement in the development and financial success of the Company and to encourage them to devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its stockholders. The Company, by means of the Plan, seeks to retain the services of such eligible persons and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Subsidiaries.

1.2 The Plan permits the grant of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Stock Units, Performance Shares, Performance Units, Incentive Bonus Awards, Other Cash-Based Awards and Other Stock-Based Awards. This Plan shall become effective upon the date set forth in Section 17.1 hereof.

**2. Definitions**

Wherever the following capitalized terms are used in the Plan, they shall have the meanings specified below:

2.1 "Affiliate" means, with respect to a Person, a Person that directly or indirectly Controls, or is Controlled by, or is under common Control with, such Person.

2.2 "Applicable Law" means the requirements relating to the administration of equity-based awards or equity compensation plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction that applies to Awards.

2.3 "Award" means an award of a Stock Option, Stock Appreciation Right, Restricted Stock, Stock Unit, Performance Share, Performance Unit, Incentive Bonus Award, Other Cash-Based Award and/or Other Stock-Based Award granted under the Plan.

2.4 "Award Agreement" means either (i) a written or electronic agreement entered into between the Company and a Participant setting forth the terms and conditions of an Award including any amendment or modification thereof, or (ii) a written or electronic statement issued by the Company to a Participant describing the terms and provisions of such Award, including any amendment or modification thereof. The Committee may provide for the use of electronic, internet or other non-paper Award Agreements, and the use of electronic, internet or other non-paper means for the acceptance thereof and actions thereunder by a Participant. Each Award Agreement shall be subject to the terms and conditions of the Plan and need not be identical.

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2.5 “Board” means the Board of Directors of the Company.

2.6 “Cause” means (i) conviction of, or the entry of a plea of guilty or no contest to, a felony or any other crime that causes the Company or its Affiliates public disgrace or disrepute, or materially and adversely affects the Company’s or its Affiliates’ operations or financial performance or the relationships that the Company and/or its Affiliates have with its customers, (ii) gross negligence or willful misconduct with respect to the Company or any of its Affiliates, including, without limitation fraud, embezzlement, theft or proven dishonesty in the course of his or her employment; (iii) refusal to perform any lawful, material obligation or fulfill any duty (other than any duty or obligation of the type described in clause (v) below, which shall be governed by clause (v) below) to the Company or its Affiliates (other than due to a Disability), which refusal, if curable, is not cured within ten (10) days after delivery of written notice thereof; (iv) material breach of any agreement with or duty owed to the Company or any of its Affiliates, which breach, if curable, is not cured within ten (10) days after the delivery of written notice thereof (other than any duty or obligation of the type described in clause (v) below, which shall be governed by clause (v) below); or (v) any breach of any obligation or duty to the Company or any of its Affiliates (whether arising by statute, common law or agreement) relating to confidentiality, noncompetition, nonsolicitation or proprietary rights. Notwithstanding the foregoing, if a Participant and the Company (or any of its Affiliates) have entered into an employment agreement, consulting agreement or other similar agreement that specifically defines “cause,” then with respect to such Participant, “Cause” shall have the meaning defined in that employment agreement, consulting agreement or other agreement.

2.7 “Change in Control” means, unless otherwise provided in an Award Agreement, the occurrence of any one of the following events:

(i) any “person,” including a “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding the Company, any entity controlling, controlled by or under common control with the Company, any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any such entity, and, with respect to any particular Participant, the Participant and any “group” (as such term is used in Section 13(d)(3) of the Exchange Act) of which the Participant is a member), is or becomes the “beneficial owner” (as defined in Rule 13(d)(3) under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of either (A) the combined voting power of the Company’s then outstanding securities or (B) the then outstanding shares of Common Stock (in either such case other than as a result of an acquisition of securities directly from the Company); or

(ii) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, shares representing in the aggregate 50% or more of the combined voting power of the securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any); or

(iii) there shall occur (A) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by "persons" (as defined above) in substantially the same proportion as their ownership of the Company immediately prior to such sale or (B) the approval by stockholders of the Company of any plan or proposal for the liquidation or dissolution of the Company; or

(iv) the members of the Board at the beginning of any consecutive 24-calendar-month period (the "Incumbent Directors") cease for any reason other than due to death to constitute at least a majority of the members of the Board; provided that any Director whose election, or nomination for election by the Company's stockholders, was approved or ratified by a vote of at least a majority of the members of the Board then still in office who were members of the Board at the beginning of such 24-calendar-month period, shall be deemed to be an Incumbent Director.

Notwithstanding the foregoing, no event or condition shall constitute a Change in Control to the extent that, if it were, a 20% tax would be imposed under Section 409A of the Code; provided that, in such a case, the event or condition shall continue to constitute a Change in Control to the maximum extent possible (e.g., if applicable, in respect of vesting without an acceleration of distribution) without causing the imposition of such 20% tax.

2.8 "Code" means the Internal Revenue Code of 1986, as amended. For purposes of this Plan, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

2.9 "Committee" means the committee of the Board delegated with the authority to administer the Plan, or the full Board, as provided in Section 3 of the Plan. With respect to any decision relating to a Reporting Person, the Committee shall consist solely of two or more directors who are disinterested within the meaning of Rule 16b-3 promulgated under the Exchange Act, as amended from time to time, or any successor provision. The fact that a Committee member shall fail to qualify under any of these requirements shall not invalidate an Award if the Award is otherwise validly made under the Plan. The Board may at any time appoint additional members to the Committee, remove and replace members of the Committee with or without cause, and fill vacancies on the Committee however caused.

2.10 "Common Stock" means the Company's Common Stock, par value \$0.001 per share.

2.11 "Company" means DelMar Pharmaceuticals, Inc., a Nevada corporation, and any successor thereto as provided in Section 15.8.

2.12 “Continuous Service” means that the Participant’s service with the Company or an Affiliate, whether as an employee, Director or consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an employee, Director or consultant or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, will not terminate a Participant’s Continuous Service; provided, however, that if the entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Committee in its sole discretion, such Participant’s Continuous Service will be considered to have terminated on the date such entity ceases to qualify as an Affiliate. For example, a change in status from an employee of the Company to a consultant of an Affiliate or to a director will not constitute an interruption of Continuous Service. To the extent permitted by Applicable Law, the Committee or the chief executive officer of the Company, in that party’s sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Company or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company’s (or an Affiliate’s) leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by Applicable Law. Unless the Committee provides otherwise, in its discretion, or as otherwise required by Applicable Law, vesting of Options shall be tolled during any unpaid leave of absence by a Participant.

2.13 “Control” means, as to any Person, the power to direct or cause the direction of the management and policies of such Person, or the power to appoint directors of the Company, whether through the ownership of voting securities, by contract or otherwise (the terms “Controlled by” and “under common Control with” shall have correlative meanings).

2.14 “Date of Grant” means the date on which an Award under the Plan is granted by the Committee, or such later date as the Committee may specify to be the effective date of an Award.

2.15 “Disability” means a Participant being considered “disabled” within the meaning of Section 409A of the Code and Treasury Regulation 1.409A-3(i)(4), as well as any successor regulation or interpretation.

2.16 “Effective Date” means the date set forth in Section 17.1 hereof.

2.17 “Eligible Person” means any person who is an employee, officer, director, consultant, advisor or other individual service provider of the Company or any Subsidiary, or any person who is determined by the Committee to be a prospective employee, officer, director, consultant, advisor or other individual service provider of the Company or any Subsidiary.

2.18 “Exchange Act” means the Securities Exchange Act of 1934, as amended.

2.19 “Fair Market Value” of a share of Common Stock shall be, as applied to a specific date (i) the closing price of a share of Common Stock as of such date on the principal established stock exchange or national market system on which the Common Stock is then traded (or, if there is no trading in the Common Stock as of such date, the closing price of a share of Common Stock on the most recent date preceding such date on which trades of the Common Stock were recorded), or (ii) if the shares of Common Stock are not then traded on an established stock exchange or national market system but are then traded in an over-the-counter market, the average of the closing bid and asked prices for the shares of Common Stock in such over-the-counter market as of such date (or, if there are no closing bid and asked prices for the shares of Common Stock as of such date, the average of the closing bid and the asked prices for the shares of Common Stock on the most recent date preceding such date on which such closing bid and asked prices are available on such over-the-counter market), or (iii) if the shares of Common Stock are not then listed on a national securities exchange or national market system or traded in an over-the-counter market, the price of a share of Common Stock as determined by the Committee in its discretion in a manner consistent with Section 409A of the Code and Treasury Regulation 1.409A-1(b)(5)(iv), as well as any successor regulation or interpretation.

2.20 “Fully Diluted” means, as applied to a specific date, the total number of shares of Common Stock outstanding as of such date, including the number of shares of Common Stock issuable upon the exercise of outstanding warrants or other securities exercisable for (or convertible into) Common Stock that are not part of any equity compensation plan, but excluding any shares of Common Stock issued under the Plan and/or the Legacy Plan and any shares of Common Stock subject to outstanding Awards granted under this Plan and/or options granted under the Legacy Plan.

2.21 “Incentive Bonus Award” means an Award granted under Section 12 of the Plan.

2.22 “Incentive Stock Option” means a Stock Option granted under Section 6 hereof that is intended to meet the requirements of Section 422 of the Code and the regulations promulgated thereunder.

2.23 “Legacy Plan” means the Del Mar Pharmaceuticals (BC) Ltd. Amended and Restated Stock Option Plan.

2.24 “Nonqualified Stock Option” means a Stock Option granted under Section 6 hereof that is not an Incentive Stock Option.

2.25 “Other Cash-Based Award” means a contractual right granted to an Eligible Person under Section 13 hereof entitling such Eligible Person to receive a cash payment at such times, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.26 “Other Stock-Based Award” means a contractual right granted to an Eligible Person under Section 13 representing a notional unit interest equal in value to a share of Common Stock to be paid and distributed at such times, and subject to such conditions as are set forth in the Plan and the applicable Award Agreement.

2.27 “Outside Director” means a director of the Board who is not an employee of the Company or a Subsidiary.

2.28 “Participant” means any Eligible Person who holds an outstanding Award under the Plan.



2.29 “Person” shall mean any individual, partnership, firm, trust, corporation, limited liability company or other similar entity. When two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of Common Stock, such partnership, limited partnership, syndicate or group shall be deemed a “Person”

2.30 “Performance Goals” shall mean performance goals established by the Committee as contingencies for the grant, exercise, vesting, distribution, payment and/or settlement, as applicable, of Awards.

2.31 “Performance Shares” means a contractual right granted to an Eligible Person under Section 10 hereof representing a notional unit interest equal in value to a share of Common Stock to be paid and distributed at such times, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.32 “Performance Unit” means a contractual right granted to an Eligible Person under Section 11 hereof representing a notional dollar interest as determined by the Committee to be paid and distributed at such times, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.33 “Plan” means this DelMar Pharmaceuticals, Inc. 2017 Omnibus Equity Incentive Plan, as amended and restated effective as of February 1, 2018, and as it may be further amended from time to time.

2.34 “Reporting Person” means an officer, director or greater than ten percent stockholder of the Company within the meaning of Rule 16a-2 under the Exchange Act, who is required to file reports pursuant to Rule 16a-3 under the Exchange Act.

2.35 “Restricted Stock Award” means a grant of shares of Common Stock to an Eligible Person under Section 8 hereof that are issued subject to such vesting and transfer restrictions and such other conditions as are set forth in the Plan and the applicable Award Agreement.

2.36 “Securities Act” means the Securities Act of 1933, as amended.

2.37 “Stock Appreciation Right” means a contractual right granted to an Eligible Person under Section 7 hereof entitling such Eligible Person to receive a payment, upon the exercise of such right, in such amount and at such time, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.38 “Stock Option” means a contractual right granted to an Eligible Person under Section 6 hereof to purchase shares of Common Stock at such time and price, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.39 “Stock Unit Award” means a contractual right granted to an Eligible Person under Section 9 hereof representing notional unit interests equal in value to a share of Common Stock to be paid and distributed at such times, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.40 “Subsidiary” means an entity (whether or not a corporation) that is wholly or majority owned or controlled, directly or indirectly, by the Company; provided, however, that with respect to Incentive Stock Options, the term “Subsidiary” shall include only an entity that qualifies under section 424(f) of the Code as a “subsidiary corporation” with respect to the Company.

### **3. Administration**

3.1 Committee Members. The Plan shall be administered by the Committee; provided that the entire Board may act in lieu of the Committee on any matter and the approval of the Board shall be required for the granting of or amendment to any Award, subject to Rule 16b-3 requirements referred to in Section 2.9 of the Plan or for enacting amendments to the Plan. If and to the extent permitted by Applicable Law, the Committee may authorize one or more Reporting Persons (or other officers) to make Awards to Eligible Persons who are not Reporting Persons (or other officers whom the Committee has specifically authorized to make Awards). Subject to Applicable Law and the restrictions set forth in the Plan, the Committee may delegate administrative functions to individuals who are Reporting Persons, officers, or employees of the Company or its Subsidiaries.

3.2 Committee Authority. The Committee shall function in its capacity to advise and make recommendations to the Board for approval in the granting of Awards, amending Awards, and enacting amendments to the Plan. In this capacity, the Committee shall have such powers and authority as may be necessary or appropriate for the Committee to carry out its functions as described in the Plan. Subject to the express limitations of the Plan, the Committee shall have authority in its discretion to determine, for recommendation to the Board, the Eligible Persons to whom, and the time or times at which, Awards may be granted, prescription for the number of shares, units or other rights subject to each Award, the exercise, base or purchase price of an Award (if any), the time or times at which an Award will become vested, exercisable or payable, the performance criteria, performance goals and other conditions of an Award, the duration of the Award, and all other terms of the Award. Subject to the terms of the Plan, the Committee shall recommend to the Board, amendments to the terms of an Award in any manner that is not inconsistent with the Plan (including without limitation to determine, add, cancel, waive, amend or otherwise alter any restrictions, terms or conditions of any Award, extend the post-termination exercisability period of any Stock Option and/or Stock Appreciation Right; provided that the Board shall not, without shareholder approval, reduce or reprice the exercise price of any Stock Option and/or Stock Appreciation Right that exceeds the Fair Market Value of a share of Common Stock on the date of such repricing; and provided further that no such action shall materially and adversely affect the rights of a Participant with respect to an outstanding Award without the Participant’s consent. The Committee shall recommend to the Board interpretations of the Plan, provided that the Board shall ultimately make all factual determinations under the Plan, and to make all other determinations necessary or advisable for Plan administration, including, without limitation, to correct any defect, to supply any omission or to reconcile any inconsistency in the Plan or any Award Agreement. The Committee shall make recommendations to prescribe, amend, and rescind rules and regulations relating to the Plan. The Committee’s recommendations under the Plan need not be uniform and may be made selectively among Participants and Eligible Persons, whether or not such persons are similarly situated. The Committee shall, in its discretion, consider and recommend such factors as it deems relevant in making its interpretations, determinations and actions under the Plan including, without limitation, the recommendations or advice of any officer or employee of the Company or such attorneys, consultants, accountants or other advisors as it may select. All interpretations, determinations, and actions by the Board shall be final, conclusive, and binding upon all parties.

3.3 No Liability; Indemnification. Neither the Board nor any Committee member, nor any Person acting at the direction of the Board or the Committee, shall be liable for any act, omission, interpretation, construction or determination made in good faith with respect to the Plan or any Award or Award Agreement. The Company and its Subsidiaries shall pay or reimburse any member of the Committee, as well as any other Person who takes action on behalf of the Plan, for all reasonable expenses incurred with respect to the Plan, and to the full extent allowable under Applicable Law shall indemnify each and every one of them for any claims, liabilities, and costs (including reasonable attorney's fees) arising out of their good faith performance of duties on behalf of the Company with respect to the Plan. The Company and its Subsidiaries may, but shall not be required to, obtain liability insurance for this purpose.

#### 4. Shares Subject to the Plan

##### 4.1 Plan Share Limitation.

(a) Subject to adjustment pursuant to Section 4.3 and any other applicable provisions hereof, the maximum aggregate number of shares of Common Stock which may be issued under all Awards granted to Participants under the Plan shall be 7,800,000 shares; provided, however, that such number shall be reduced by the number of shares of Common Stock issued under the Legacy Plan and/or subject to outstanding grants of options under the Legacy Plan (that is, which have not been forfeited or that have expired without having been exercised). All 7,800,000 of such shares initially available pursuant to this Section 4.1(a) may, but need not, be issued in respect of Incentive Stock Options.

(b) Shares of Common Stock issued under the Plan may be either authorized but unissued shares or shares held in the Company's treasury. To the extent that any Award payable in shares of Common Stock is forfeited, cancelled, returned to the Company for failure to satisfy vesting requirements or upon the occurrence of other forfeiture events, or otherwise terminates without payment being made thereunder, the shares of Common Stock covered thereby will no longer be counted against the foregoing maximum share limitations and may again be made subject to Awards under the Plan pursuant to such limitations. Shares of Common Stock that otherwise would have been issued upon the exercise of a Stock Option or in payment with respect to any other form of Award, that are surrendered in payment or partial payment of the exercise price thereof and/or taxes withheld with respect to the exercise thereof or the making of such payment, will no longer be counted against the foregoing maximum share limitations and may again be made subject to Awards under the Plan pursuant to such limitations.

4.2 Individual Participant Limitations. Subject to adjustment as provided in Section 4.3, the number of shares of Common Stock with respect to which Awards may be granted to any one Eligible Person under the Plan during any calendar year shall not exceed eight percent (8%) of the Company's outstanding shares of Common Stock determined on a Fully Diluted basis as of the Date of Grant.

4.3 Adjustments. If there shall occur any change with respect to the outstanding shares of Common Stock by reason of any recapitalization, reclassification, stock dividend, extraordinary dividend, stock split, reverse stock split, or other distribution with respect to the shares of Common Stock, or any merger, reorganization, consolidation, combination, spin-off or other similar corporate change, or any other change affecting the Common Stock, the Committee shall, in the manner and to the extent that it deems appropriate and equitable to the Participants and consistent with the terms of the Plan, cause an adjustment to be made in (i) the maximum numbers and kind of shares provided in Section 4.1 hereof, (ii) the numbers and kind of shares of Common Stock, units, or other rights subject to then outstanding Awards, (iii) the price for each share or unit or other right subject to then outstanding Awards, (iv) the performance measures or goals relating to the vesting of an Award, and (v) any other terms of an Award that are affected by the event to prevent dilution or enlargement of a Participant's rights under an Award. Notwithstanding the foregoing, in the case of Incentive Stock Options, any such adjustments shall, to the extent practicable, be made in a manner consistent with the requirements of Section 424(a) of the Code.

## **5. Participation and Awards**

5.1 Designation of Participants. All Eligible Persons are eligible to be designated by the Committee to receive Awards and become Participants under the Plan. The Committee has the authority, in its discretion, to recommend to the Board and designate from time to time those Eligible Persons who are to be granted Awards, the types of Awards to be granted and the number of shares of Common Stock or units subject to Awards granted by the Board under the Plan. In selecting Eligible Persons to be Participants and in determining the type and amount of Awards to be granted by the Board under the Plan, the Committee shall consider any and all factors that it deems relevant or appropriate.

5.2 Determination of Awards. The Committee shall recommend to the Board the terms and conditions of all Awards granted to Participants in accordance with its authority under Section 3.2 hereof. An Award may consist of one type of right or benefit hereunder or of two or more such rights or benefits granted in tandem or in the alternative. To the extent deemed appropriate by the Committee, an Award shall be evidenced by an Award Agreement as described in Section 15.1 hereof.

## **6. Stock Options**

6.1 Grant of Stock Option. A Stock Option may be granted to any Eligible Person selected by the Committee. Subject to the provisions of Section 6.6 hereof and Section 422 of the Code, each Stock Option shall be designated, in the discretion of the Committee, as an Incentive Stock Option or as a Nonqualified Stock Option.

6.2 Exercise Price. The exercise price per share of a Stock Option shall not be less than 100% of the Fair Market Value of a share of Common Stock on the Date of Grant, subject to adjustments as provided for under Section 4.3, provided that the Committee may in its discretion specify for any Stock Option an exercise price per share that is higher than the Fair Market Value on the Date of Grant.

6.3 Vesting of Stock Options. The Committee shall in its discretion prescribe the time or times at which, or the conditions upon which, a Stock Option or portion thereof shall become vested and/or exercisable; provided, that, except for accelerated vesting in the event of a Participant's death, disability, pursuant to the terms of an employment agreement with a Participant or in connection with a Change in Control, no Stock Option shall provide for vesting or exercise earlier than one year after the Date of Grant. The requirements for vesting and exercisability of a Stock Option may be based on the Continuous Service of the Participant for a specified time period (or periods) and/or on the attainment of a specified performance goal (or goals) established by the Committee in its discretion. The Committee in its sole discretion may allow a Participant to exercise unvested Nonqualified Stock Options, in which case the shares of Common Stock then issued shall be Restricted Stock having analogous vesting restrictions to the unvested Nonqualified Stock Options.

6.4 Term of Stock Options. The Committee shall in its discretion prescribe in an Award Agreement the period during which a vested Stock Option may be exercised, provided that the maximum term of a Stock Option shall be ten (10) years from the Date of Grant. A Stock Option may be earlier terminated as specified by the Committee and set forth in an Award Agreement upon or following the termination of a Participant's Continuous Service for any reason, including by reason of voluntary resignation, death, Disability, termination for Cause or any other reason. Except as otherwise provided in this Section 6 or in an Award Agreement as such agreement may be amended from time to time upon authorization of the Committee, no Stock Option may be exercised at any time during the term thereof unless the Participant is then in Continuous Service. Notwithstanding the foregoing, unless an Award Agreement provides otherwise:

(a) If a Participant's Continuous Service terminates by reason of his or her death, any Stock Option held by such Participant may, to the extent then exercisable, be exercised by such Participant's estate or any Person who acquires the right to exercise such Stock Option by bequest or inheritance at any time in accordance with its terms for up to one year after the date of such Participant's death (but in no event after the earlier of the expiration of the term of such Stock Option or such time as the Stock Option is otherwise canceled or terminated in accordance with its terms). Upon expiration of such one-year period, no portion of the Stock Option held by such Participant shall be exercisable and the Stock Option shall be deemed to be canceled, forfeited and of no further force or effect.

(b) If a Participant's Continuous Service terminates by reason of his or her Disability, any Stock Option held by such Participant may, to the extent then exercisable, be exercised by the Participant or his or her personal representative at any time in accordance with its terms for up to one year after the date of such Participant's termination of Continuous Service (but in no event after the earlier of the expiration of the term of such Stock Option or such time as the Stock Option is otherwise canceled or terminated in accordance with its terms). Upon expiration of such one-year period, no portion of the Stock Option held by such Participant shall be exercisable and the Stock Option shall be deemed to be canceled, forfeited and of no further force or effect.

(c) If a Participant's Continuous Service terminates for any reason other than death, Disability or Cause, any Stock Option held by such Participant may, to the extent then exercisable, be exercised by the Participant up until ninety (90) days following such termination of Continuous Service (but in no event after the earlier of the expiration of the term of such Stock Option or such time as the Stock Option is otherwise canceled or terminated in accordance with its terms). Upon expiration of such 90-day period, no portion of the Stock Option held by such Participant shall be exercisable and the Stock Option shall be deemed to be canceled, forfeited and of no further force or effect.

(d) To the extent that a Stock Option of a Participant whose Continuous Service terminates is not exercisable, such Stock Option shall be deemed forfeited and canceled on the ninetieth (90<sup>th</sup>) day after such termination of Continuous Service or at such earlier time as the Committee may determine.

6.5 Stock Option Exercise. Subject to such terms and conditions as shall be specified in an Award Agreement, a Stock Option may be exercised in whole or in part at any time during the term thereof by notice in the form required by the Company, and payment of the aggregate exercise price by certified or bank check, or such other means as the Committee may accept. As set forth in an Award Agreement or otherwise determined by the Committee, in its sole discretion, at or after grant, payment in full or in part of the exercise price of an Option may be made: (i) in the form of shares of Common Stock that have been held by the Participant for such period as the Committee may deem appropriate for accounting purposes or otherwise, valued at the Fair Market Value of such shares on the date of exercise; (ii) by surrendering to the Company shares of Common Stock otherwise receivable on exercise of the Option; (iii) by a cashless exercise program implemented by the Committee in connection with the Plan; and/or (iv) by such other method as may be approved by the Committee and set forth in an Award Agreement (provided that such method does not involve the Company providing a loan or other extension of credit to the Participant. Subject to any governing rules or regulations, as soon as practicable after receipt of written notification of exercise and full payment of the exercise price and satisfaction of any applicable tax withholding pursuant to Section 16.5, the Company shall deliver to the Participant evidence of book entry shares of Common Stock, or upon the Participant's request, Common Stock certificates in an appropriate amount based upon the number of shares of Common Stock purchased under the Option. Unless otherwise determined by the Committee, all payments under all of the methods indicated above shall be paid in United States dollars or shares of Common Stock, as applicable.

#### 6.6 Additional Rules for Incentive Stock Options.

(a) Eligibility. An Incentive Stock Option may only be granted to an Eligible Person who is considered an employee under Treasury Regulation §1.421-1(h) of the Company or any Subsidiary.

(b) Annual Limits. No Incentive Stock Option shall be granted to an Eligible Person as a result of which the aggregate Fair Market Value (determined as of the Date of Grant) of the stock with respect to which Incentive Stock Options are exercisable for the first time in any calendar year under the Plan and any other stock option plans of the Company or any Subsidiary would exceed \$100,000, determined in accordance with Section 422(d) of the Code. This limitation shall be applied by taking Incentive Stock Options into account in the order in which granted.

(c) Ten Percent Stockholders. If a Stock Option granted under the Plan is intended to be an Incentive Stock Option, and if the Participant, at the time of grant, owns stock possessing ten percent (10%) or more of the total combined voting power of all classes of Common Stock of the Company or any Subsidiary, then (i) the Stock Option exercise price per share shall in no event be less than 110% of the Fair Market Value of the Common Stock on the date of such grant and (ii) such Stock Option shall not be exercisable after the expiration of five (5) years following the date such Stock Option is granted.

(d) Termination of Employment. An Award of an Incentive Stock Option shall provide that such Stock Option may be exercised not later than three (3) months following termination of employment of the Participant with the Company and all Subsidiaries, or not later than one (1) year following death or a permanent and total disability within the meaning of Section 22(e)(3) of the Code, as and to the extent determined by the Committee to be necessary to comply with the requirements of Section 422 of the Code.

(e) Disqualifying Dispositions. If shares of Common Stock acquired by exercise of an Incentive Stock Option are disposed of within two (2) years following the Date of Grant or one (1) year following the transfer of such shares to the Participant upon exercise, the Participant shall, promptly following such disposition, notify the Company in writing of the date and terms of such disposition and provide such other information regarding the disposition as the Company may reasonably require.

## **7. Stock Appreciation Rights**

7.1 Grant of Stock Appreciation Rights. A Stock Appreciation Right may be granted to any Eligible Person selected by the Committee. Stock Appreciation Rights may be granted on a basis that allows for the exercise of the right by the Participant or that provides for the automatic payment of the right upon a specified date or event.

7.2 Base Price. The base price of a Stock Appreciation Right shall be determined by the Committee in its sole discretion; provided, however, that the base price for any grant of a Stock Appreciation Right shall not be less than 100% of the Fair Market Value of a share of Common Stock on the Date of Grant, subject to adjustments as provided for under Section 4.3.

7.3 Vesting Stock Appreciation Rights. The Committee shall in its discretion prescribe the time or times at which, or the conditions upon which, a Stock Appreciation Right or portion thereof shall become vested and/or exercisable; provided, that, except for accelerated vesting in the event of a Participant's death, disability, pursuant to the terms of an employment agreement with a Participant or in connection with a Change in Control, no Stock Appreciation Right shall provide for vesting or exercise earlier than one year after the Date of Grant. The requirements for vesting and exercisability of a Stock Appreciation Right may be based on the Continuous Service of a Participant for a specified time period (or periods) or on the attainment of a specified performance goal (or goals) established by the Committee in its discretion. The Committee in its sole discretion may allow a Participant to exercise unvested Stock Appreciation Rights payable in shares of Common Stock, in which case the shares of Common Stock then issued shall be Restricted Stock having analogous vesting restrictions to the unvested Stock Appreciation Rights.

7.4 Term of Stock Appreciation Rights. The Committee shall in its discretion prescribe in an Award Agreement the period during which a vested Stock Appreciation Right may be exercised, provided that the maximum term of a Stock Appreciation Right shall be ten (10) years from the Date of Grant. A Stock Appreciation Right may be earlier terminated as specified by the Committee and set forth in an Award Agreement upon or following the termination of a Participant's Continuous Service for any reason, including by reason of voluntary resignation, death, Disability, termination for Cause or any other reason. Except as otherwise provided in this Section 7 or in an Award Agreement as such agreement may be amended from time to time upon authorization of the Committee, no Stock Appreciation Right may be exercised at any time during the term thereof unless the Participant is then in Continuous Service.

7.5 Payment of Stock Appreciation Rights. Subject to such terms and conditions as shall be specified in an Award Agreement, a vested Stock Appreciation Right may be exercised in whole or in part at any time during the term thereof by notice in the form required by the Company and payment of any exercise price. Upon the exercise of a Stock Appreciation Right and payment of any applicable exercise price, a Participant shall be entitled to receive an amount determined by multiplying: (i) the excess of the Fair Market Value of a share of Common Stock on the date of exercise of the Stock Appreciation Right over the base price of such Stock Appreciation Right, by (ii) the number of shares as to which such Stock Appreciation Right is exercised. Payment of the amount determined under the immediately preceding sentence may be made, as approved by the Committee and set forth in the Award Agreement, in shares of Common Stock valued at their Fair Market Value on the date of exercise, in cash, or in a combination of shares of Common Stock and cash, subject to applicable tax withholding requirements set forth in Section 16.5. If Stock Appreciation Rights are settled in shares of Common Stock, then as soon as practicable following the date of settlement the Company shall deliver to the Participant evidence of book entry shares of Common Stock, or upon the Participant's request, Common Stock certificates in an appropriate amount.

## **8. Restricted Stock Awards**

8.1 Grant of Restricted Stock Awards. A Restricted Stock Award may be granted to any Eligible Person selected by the Committee. The Committee may require the payment by the Participant of a specified purchase price in connection with any Restricted Stock Award. The Committee may provide in an Award Agreement for the payment of dividends and distributions to the Participant at the times of vesting or other payment of the Restricted Stock Award. If any dividends or distributions are paid in stock while a Restricted Stock Award is subject to restrictions under Section 8.3 of the Plan, the dividends or other distributions shares shall be subject to the same restrictions on transferability as the shares of Common Stock to which they were paid unless otherwise set forth in the Award Agreement. The Committee may also subject the grant of any Restricted Stock Award to the execution of a voting agreement with the Company or with any Affiliate of the Company.



8.2 Vesting Requirements. The restrictions imposed on shares of Common Stock granted under a Restricted Stock Award shall lapse in accordance with the vesting requirements specified by the Committee in the Award Agreement; provided, that, except for accelerated vesting in the event of a Participant's death, disability, pursuant to the terms of an employment agreement with a Participant or in connection with a Change in Control, no Restricted Stock Award shall provide for vesting earlier than one year after the Date of Grant. Upon vesting of a Restricted Stock Award, such Award shall be subject to the tax withholding requirement set forth in Section 16.5. The requirements for vesting of a Restricted Stock Award may be based on the Continuous Service of the Participant for a specified time period (or periods) or on the attainment of a specified performance goal (or goals) established by the Committee in its discretion. If the vesting requirements of a Restricted Stock Award shall not be satisfied, the Award shall be forfeited and the shares of Common Stock subject to the Award shall be returned to the Company. In the event that the Participant paid any purchase price with respect to such forfeited shares, unless otherwise provided by the Committee in an Award Agreement, the Company will refund to the Participant the lesser of (i) such purchase price and (ii) the Fair Market Value of such shares on the date of forfeiture.

8 . 3 Restrictions. Shares granted under any Restricted Stock Award may not be transferred, assigned or subject to any encumbrance, pledge, or charge until all applicable restrictions are removed or have expired, unless otherwise allowed by the Committee. The Committee may require in an Award Agreement that certificates representing the shares granted under a Restricted Stock Award bear a legend making appropriate reference to the restrictions imposed, and that certificates representing the shares granted or sold under a Restricted Stock Award will remain in the physical custody of an escrow holder until all restrictions are removed or have expired.

8 . 4 Rights as Stockholder. Subject to the foregoing provisions of this Section 8 and the applicable Award Agreement, the Participant to whom a Restricted Stock Award is made shall have all rights of a stockholder with respect to the shares granted to the Participant under the Restricted Stock Award, including the right to vote the shares and receive all dividends and other distributions paid or made with respect thereto (subject to Section 8.1), unless the Committee determines otherwise at the time the Restricted Stock Award is granted.

8.5 Section 83(b) Election. If a Participant makes an election pursuant to Section 83(b) of the Code with respect to a Restricted Stock Award, the Participant shall file, within 30 days following the Date of Grant, a copy of such election with the Company (directed to the Secretary thereof) and with the Internal Revenue Service, in accordance with the regulations under Section 83 of the Code. The Committee may provide in an Award Agreement that the Restricted Stock Award is conditioned upon the Participant's making or refraining from making an election with respect to the Award under Section 83(b) of the Code.

## **9. Stock Unit Awards**

9.1 Grant of Stock Unit Awards. A Stock Unit Award may be granted to any Eligible Person selected by the Committee. The value of each stock unit under a Stock Unit Award is equal to the Fair Market Value of the Common Stock on the applicable date or time period of determination, as specified by the Committee. A Stock Unit Award shall be subject to such restrictions and conditions as the Committee shall determine. A Stock Unit Award may be granted together with a dividend equivalent right with respect to the shares of Common Stock subject to the Award. If granted, the dividend equivalent amounts shall be accumulated and be payable subject to the same vesting conditions as the Stock Units to which they relate.

9 . 2 Vesting of Stock Unit Awards. On the Date of Grant, the Committee shall, in its discretion, determine any vesting requirements with respect to a Stock Unit Award, which shall be set forth in the Award Agreement; provided, that, except for accelerated vesting in the event of a Participant's death, disability, pursuant to the terms of an employment agreement with a Participant or in connection with a Change in Control, no Stock Unit Award shall provide for vesting earlier than one year after the Date of Grant. The requirements for vesting of a Stock Unit Award may be based on the Continuous Service of the Participant for a specified time period (or periods) or on the attainment of a specified performance goal (or goals) established by the Committee in its discretion. A Stock Unit Award may be granted with a deferred payment date if permitted by the Committee.

9.3 Payment of Stock Unit Awards. A Stock Unit Award shall become payable to a Participant at the time or times determined by the Committee and set forth in the Award Agreement, which may be upon or following the vesting of the Award. Payment of a Stock Unit Award may be made, at the discretion of the Committee, in cash or in shares of Common Stock, or in a combination thereof as described in the Award Agreement, subject to applicable tax withholding requirements set forth in Section 16.5. Any cash payment of a Stock Unit Award shall be made based upon the Fair Market Value of the Common Stock, determined on such date or over such time period as determined by the Committee. Notwithstanding the foregoing, unless specified otherwise in the Award Agreement, any Stock Unit, whether settled in Common Stock or cash, shall be paid no later than two and one-half months after the later of the calendar year or fiscal year in which the Stock Units vest. If Stock Unit Awards are settled in shares of Common Stock, then as soon as practicable following the date of settlement, the Company shall deliver to the Participant evidence of book entry shares of Common Stock, or upon the Participant's request, Common Stock certificates in an appropriate amount.

## **10. Performance Shares**

10.1 Grant of Performance Shares. Performance Shares may be granted to any Eligible Person selected by the Committee. A Performance Share Award shall be subject to such restrictions and condition as the Committee shall specify; provided, that, except for accelerated vesting in the event of a Participant's death, disability, pursuant to the terms of an employment agreement with a Participant or in connection with a Change in Control, no Performance Share Award shall provide for vesting earlier than one year after the Date of Grant. A Performance Share Award may be granted with a dividend equivalent right with respect to the shares of Common Stock subject to the Award. If granted, the dividend equivalent amounts shall be accumulated and be payable subject to the same vesting conditions as the Performance Shares to which they relate.

10.2 Value of Performance Shares. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the Date of Grant. The Committee shall set performance goals in its discretion that, depending on the extent to which they are met over a specified time period, shall determine the number of Performance Shares that shall be paid to a Participant.

10.3 Earning of Performance Shares. After the applicable time period has ended, the number of Performance Shares earned by the Participant over such time period shall be determined as a function of the extent to which the applicable corresponding performance goals have been achieved. This determination shall be made solely by the Committee.

10.4 Form and Timing of Payment of Performance Shares. The Committee shall pay at the close of the applicable Performance Period, or as soon as practicable thereafter, any earned Performance Shares in the form of cash or in shares of Common Stock or in a combination thereof, as specified in a Participant's Award Agreement, subject to applicable tax withholding requirements set forth in Section 16.5. Notwithstanding the foregoing, unless specified otherwise in the Award Agreement, all Performance Shares shall be paid no later than two and one-half months following the later of the calendar year or fiscal year in which such Performance Shares vest. Any shares of Common Stock paid to a Participant under this Section 10.4 may be subject to any restrictions deemed appropriate by the Committee. If Performance Shares are settled in shares of Common Stock, then as soon as practicable following the date of settlement the Company shall deliver to the Participant evidence of book entry shares of Common Stock, or upon the Participant's request, Common Stock certificates in an appropriate amount.

## **11. Performance Units**

11.1 Grant of Performance Units. Performance Units may be granted to any Eligible Person selected by the Committee. A Performance Unit Award shall be subject to such restrictions and condition as the Committee shall specify in a Participant's Award Agreement; provided, that, except for accelerated vesting in the event of a Participant's death, disability, pursuant to the terms of an employment agreement with a Participant or in connection with a Change in Control, no Performance Unit Award shall provide for vesting earlier than one year after the Date of Grant.

11.2 Value of Performance Units. Each Performance Unit shall have an initial notional value equal to a dollar amount determined by the Committee, in its sole discretion. The Committee shall set performance goals in its discretion that, depending on the extent to which they are met over a specified time period, will determine the number of Performance Units that shall be settled and paid to the Participant.

11.3 Earning of Performance Units. After the applicable time period has ended, the number of Performance Units earned by the Participant, and the amount payable in cash, in shares or in a combination thereof, over such time period shall be determined as a function of the extent to which the applicable corresponding performance goals have been achieved. This determination shall be made solely by the Committee.

11.4 Form and Timing of Payment of Performance Units. The Committee shall pay at the close of the applicable Performance Period, or as soon as practicable thereafter, any earned Performance Units in the form of cash or in shares of Common Stock or in a combination thereof, as specified in a Participant's Award Agreement, subject to applicable tax withholding requirements set forth in Section 16.5. Notwithstanding the foregoing, unless specified otherwise in the Award Agreement, all Performance Units shall be paid no later than two and one-half months following the later of the calendar year or fiscal year in which such Performance Units vest. Any shares of Common Stock paid to a Participant under this Section 11.4 may be subject to any restrictions deemed appropriate by the Committee. If Performance Units are settled in shares of Common Stock, then as soon as practicable following the date of settlement the Company shall deliver to the Participant evidence of book entry shares of Common Stock, or upon the Participant's request, Common Stock certificates in an appropriate amount.

## **12. Incentive Bonus Awards**

12.1 Incentive Bonus Awards. The Committee, at its discretion, may grant Incentive Bonus Awards to such Participants as it may designate from time to time. The terms of a Participant's Incentive Bonus Award shall be set forth in the Participant's Award Agreement. Each Award Agreement shall specify such general terms and conditions as the Committee shall determine.

12.2 Incentive Bonus Award Performance Criteria. The determination of Incentive Bonus Awards for a given year or years may be based upon the attainment of specified levels of Company or Subsidiary performance as measured by pre-established, objective performance criteria determined at the discretion of the Committee. The Committee shall (i) select those Participants who shall be eligible to receive an Incentive Bonus Award, (ii) determine the performance period, (iii) determine target levels of performance, and (iv) determine the level of Incentive Bonus Award to be paid to each selected Participant upon the achievement of each performance level. The Committee generally shall make the foregoing determinations prior to the commencement of services to which an Incentive Bonus Award relates, to the extent applicable, and while the outcome of the performance goals and targets is uncertain.

### **12.3 Payment of Incentive Bonus Awards**

(a) Incentive Bonus Awards shall be paid in cash or Common Stock, as set forth in a Participant's Award Agreement. Payments shall be made following a determination by the Committee that the performance targets were attained and shall be made within two and one-half months after the later of the end of the fiscal or calendar year in which the Incentive Award is no longer subject to a substantial risk of forfeiture.

(b) The amount of an Incentive Bonus Award to be paid upon the attainment of each targeted level of performance shall equal a percentage of a Participant's base salary for the fiscal year, a fixed dollar amount, or such other formula, as determined by the Committee.

## **13. Other Cash-Based Awards and Other Stock-Based Awards**

13.1 Other Cash-Based and Stock-Based Awards. The Committee may grant other types of equity-based or equity-related Awards not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted Shares) in such amounts and subject to such terms and conditions, as the Committee shall determine. Such Awards may involve the transfer of actual shares of Common Stock to a Participant, or payment in cash or otherwise of amounts based on the value of shares of Common Stock. In addition, the Committee, at any time and from time to time, may grant Other Cash-Based Awards to a Participant in such amounts and upon such terms as the Committee shall determine, in its sole discretion.

13.2 Value of Cash-Based Awards and Other Stock-Based Awards. Each Other Stock-Based Award shall be expressed in terms of shares of Common Stock or units based on shares of Common Stock, as determined by the Committee, in its sole discretion. Each Other Cash-Based Award shall specify a payment amount or payment range as determined by the Committee, in its sole discretion. If the Committee exercises its discretion to establish performance goals, the value of Other Cash-Based Awards that shall be paid to the Participant will depend on the extent to which such performance goals are met.

13.3 Payment of Cash-Based Awards and Other Stock-Based Awards. Payment, if any, with respect to Other Cash-Based Awards and Other Stock-Based Award shall be made in accordance with the terms of the Award, in cash or shares of Common Stock as the Committee determines.

#### **14. Change in Control**

##### **14.1 Effect of Change in Control**

(a) The Committee may, at the time of the grant of an Award and as set forth in an Award Agreement, provide for the effect of a “Change in Control” on an Award. Such provisions may include any one or more of the following (unless the Award is continued after the Change in Control on substantially the same terms as in effect before the Change in Control or on such other terms as are agreed to by the Company and the acquirer): (i) the acceleration or extension of time periods for purposes of exercising, vesting in, or realizing gain from any Award, (ii) the elimination or modification of performance or other conditions related to the payment or other rights under an Award, (iii) provision for the cash settlement of an Award for an equivalent cash value, as determined by the Committee, or (iv) such other modification or adjustment to an Award as the Committee deems appropriate to maintain and protect the rights and interests of Participants upon or following a Change in Control. To the extent necessary for compliance with Section 409A of the Code, an Award Agreement shall provide that an Award subject to the requirements of Section 409A that would otherwise become payable upon a Change in Control shall only become payable to the extent that the requirements for a “change in control” for purposes of Section 409A have been satisfied.

(b) Notwithstanding anything to the contrary set forth in the Plan, unless otherwise provided by an Award Agreement, upon or in anticipation of any Change in Control, the Committee may, in its sole and absolute discretion and without the need for the consent of any Participant, take one or more of the following actions contingent upon the occurrence of that Change in Control (unless the Award is continued after the Change in Control on substantially the same terms as in effect before the Change in Control or on such other terms as are agreed to by the Company and the acquirer): (i) cause any or all outstanding Stock Options and/or Stock Appreciation Rights held by Participants affected by the Change in Control to become vested and immediately exercisable, in whole or in part; (ii) cause restrictions and/or vesting conditions with respect to any or all outstanding Restricted Stock, Stock Units, Performance Shares, Performance Units, Incentive Bonus Award and any other Award held by a Participant affected by the Change in Control to lapse, in whole or in part; (iii) cancel any Stock Option or Stock Appreciation Right in exchange for a substitute option in a manner consistent with the requirements of Treasury Regulation. §1.424-1(a) or §1.409A-1(b)(5)(v)(D), as applicable (notwithstanding the fact that the original Stock Option may never have been intended to satisfy the requirements for treatment as an Incentive Stock Option); (iv) cancel any Restricted Stock, Stock Units, Performance Shares or Performance Units held by a Participant in exchange for restricted stock or performance shares of or stock or performance units in respect of the capital stock of any successor corporation; (v) terminate any Award in exchange for an amount of cash and/or property equal to the amount, if any, that would have been attained upon the exercise of such Award or realization of the Participant's rights as of the date of the occurrence of the Change in Control (the "Change in Control Consideration"); provided, however that if the Change in Control Consideration with respect to any Option or Stock Appreciation Right does not exceed the exercise price of such Option or Stock Appreciation Right, the Committee may cancel the Option or Stock Appreciation Right without payment of any consideration therefor. Any such Change in Control Consideration may be subject to any escrow, indemnification and similar obligations, contingencies and encumbrances applicable in connection with the Change in Control to holders of Common Stock. Without limitation of the foregoing, if as of the date of the occurrence of the Change in Control the Committee determines that no amount would have been attained upon the realization of the Participant's rights, then such Award may be terminated by the Company without payment. The Committee may cause the Change in Control Consideration to be subject to vesting conditions (whether or not the same as the vesting conditions applicable to the Award prior to the Change in Control) and/or make such other modifications, adjustments or amendments to outstanding Awards or this Plan as the Committee deems necessary or appropriate.

(c) The Committee may require a Participant to (i) represent and warrant as to the unencumbered title to the Participant's Awards; (ii) bear such Participant's pro rata share of any post-closing indemnity obligations, and be subject to the same or similar post-closing purchase price adjustments, escrow terms, offset rights, holdback terms and similar conditions as the other holders of Common Stock; and (iii) execute and deliver such documents and instruments as the Committee may reasonably require for the Participant to be bound by such obligations. The Committee will endeavor to take action under this Section 14 in a manner that does not cause a violation of Section 409A of the Code with respect to an Award.

## 15. General Provisions

15.1 Award Agreement. To the extent deemed necessary by the Committee, an Award under the Plan shall be evidenced by an Award Agreement in a written or electronic form approved by the Committee setting forth the number of shares of Common Stock or units subject to the Award, the exercise price, base price, or purchase price of the Award, the time or times at which an Award will become vested, exercisable or payable and the term of the Award. The Award Agreement may also set forth the effect on an Award of termination of Continuous Service under certain circumstances. The Award Agreement shall be subject to and incorporate, by reference or otherwise, all of the applicable terms and conditions of the Plan, and may also set forth other terms and conditions applicable to the Award as determined by the Committee consistent with the limitations of the Plan. Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code. The grant of an Award under the Plan shall not confer any rights upon the Participant holding such Award other than such terms, and subject to such conditions, as are specified in the Plan as being applicable to such type of Award (or to all Awards) or as are expressly set forth in the Award Agreement.

15.2 Forfeiture Events/Representations. The Committee may specify in an Award Agreement at the time of the Award that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events shall include, but shall not be limited to, termination of Continuous Service for Cause, violation of material Company policies, breach of noncompetition, confidentiality or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company. The Committee may also specify in an Award Agreement that the Participant's rights, payments and benefits with respect to an Award shall be conditioned upon the Participant making a representation regarding compliance with noncompetition, confidentiality or other restrictive covenants that may apply to the Participant and providing that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment on account of a breach of such representation. Notwithstanding the foregoing, the confidentiality restrictions set forth in an Award Agreement shall not, and shall not be interpreted to, impair a Participant from exercising any legally protected whistleblower rights (including under Rule 21 of the Exchange Act). In addition and without limitation of the foregoing, any amounts paid hereunder shall be subject to recoupment in accordance with The Dodd-Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any "clawback" policy adopted by the Company or as is otherwise required by applicable law or stock exchange listing condition.

### 15.3 No Assignment or Transfer; Beneficiaries.

(a) Awards under the Plan shall not be assignable or transferable by the Participant, except by will or by the laws of descent and distribution, and shall not be subject in any manner to assignment, alienation, pledge, encumbrance or charge. Notwithstanding the foregoing, the Committee may provide in an Award Agreement that the Participant shall have the right to designate a beneficiary or beneficiaries who shall be entitled to any rights, payments or other benefits specified under an Award following the Participant's death. During the lifetime of a Participant, an Award shall be exercised only by such Participant or such Participant's guardian or legal representative. In the event of a Participant's death, an Award may, to the extent permitted by the Award Agreement, be exercised by the Participant's beneficiary as designated by the Participant in the manner prescribed by the Committee or, in the absence of an authorized beneficiary designation, by the legatee of such Award under the Participant's will or by the Participant's estate in accordance with the Participant's will or the laws of descent and distribution, in each case in the same manner and to the same extent that such Award was exercisable by the Participant on the date of the Participant's death.

(b) Limited Transferability Rights. Notwithstanding anything else in this Section 15.3 to the contrary, the Committee may in its discretion provide in an Award Agreement that an Award in the form of a Nonqualified Stock Option, share-settled Stock Appreciation Right, Restricted Stock, Performance Share or share-settled Other Stock-Based Award may be transferred, on such terms and conditions as the Committee deems appropriate, either (i) by instrument to the Participant's "Immediate Family" (as defined below), (ii) by instrument to an inter vivos or testamentary trust (or other entity) in which the Award is to be passed to the Participant's designated beneficiaries, or (iii) by gift to charitable institutions. Any transferee of the Participant's rights shall succeed and be subject to all of the terms of the applicable Award Agreement and the Plan. "Immediate Family" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships.

15.4 Rights as Stockholder. A Participant shall have no rights as a holder of shares of Common Stock with respect to any unissued shares of Common Stock covered by an Award until the date the Participant becomes the holder of record of such securities. Except as provided in Section 4.3 hereof, no adjustment or other provision shall be made for dividends or other stockholder rights, except to the extent that the Award Agreement provides for dividend payments or dividend equivalent rights.

15.5 Employment or Continuous Service. Nothing in the Plan, in the grant of any Award or in any Award Agreement shall confer upon any Eligible Person or Participant any right to continue in Continuous Service, or interfere in any way with the right of the Company or any of its Subsidiaries to terminate the employment or other service relationship of an Eligible Person or Participant for any reason at any time.

15.6 Fractional Shares. In the case of any fractional share or unit resulting from the grant, vesting, payment or crediting of stock dividends under an Award, the Committee shall have the discretionary authority to (i) disregard such fractional share or unit, or (ii) round such fractional share or unit to the nearest lower or higher whole share or unit.

15.7 Other Compensation and Benefit Plans. The amount of any compensation deemed to be received by a Participant pursuant to an Award shall not constitute includable compensation for purposes of determining the amount of benefits to which a Participant is entitled under any other compensation or benefit plan or program of the Company or any Subsidiary, including, without limitation, under any bonus, pension, profit-sharing, life insurance, salary continuation or severance benefits plan, except to the extent specifically provided by the terms of any such plan.

15.8 Plan Binding on Transferees. The Plan shall be binding upon the Company, its transferees and assigns, and the Participant, the Participant's executor, administrator and permitted transferees and beneficiaries. In addition, all obligations of the Company under this Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.



15.9 Foreign Jurisdictions. The Committee may adopt, amend and terminate such arrangements and grant such Awards, not inconsistent with the intent of the Plan, as it may deem necessary or desirable to comply with any tax, securities, regulatory or other laws of other jurisdictions with respect to Awards that may be subject to such laws. The terms and conditions of such Awards may vary from the terms and conditions that would otherwise be required by the Plan solely to the extent the Committee deems necessary for such purpose. Moreover, the Board may approve such supplements to or amendments, restatements or alternative versions of the Plan, not inconsistent with the intent of the Plan, as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of the Plan as in effect for any other purpose.

15.10 No Obligation to Notify or Minimize Taxes. The Company will have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising an Award. Furthermore, the Company will have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award.

15.11 Corporate Action Constituting Grant of Awards. Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board or Committee consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement as a result of a clerical error in the papering of the Award Agreement, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement.

15.12 Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of the Participant's services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an employee of the Company and the employee has a change in status from a full-time employee to a part-time employee) after the date of grant of any Award to the Participant, the Committee has the right in its sole discretion to (i) make a corresponding reduction in the number of shares subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment and (ii) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

15.13 Substitute Awards in Corporate Transactions. Nothing contained in the Plan shall be construed to limit the right of the Committee to grant Awards under the Plan in connection with the acquisition, whether by purchase, merger, consolidation or other corporate transaction, of the business or assets of any corporation or other entity. Without limiting the foregoing, the Committee may grant Awards under the Plan to an employee or director of another corporation who becomes an Eligible Person by reason of any such corporate transaction in substitution for awards previously granted by such corporation or entity to such person. The terms and conditions of the substitute Awards may vary from the terms and conditions that would otherwise be required by the Plan solely to the extent the Committee deems necessary for such purpose. Any shares of Common Stock subject to these substitute Awards shall not be counted against any of the maximum share limitations set forth in the Plan.

## 16. Legal Compliance

16.1 Securities Laws. No shares of Common Stock will be issued or transferred pursuant to an Award unless and until all then applicable requirements imposed by Federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any exchanges upon which the shares of Common Stock may be listed, have been fully met. As a condition precedent to the issuance of shares pursuant to the grant or exercise of an Award, the Company may require the Participant to take any reasonable action to meet such requirements. The Committee may impose such conditions on any shares of Common Stock issuable under the Plan as it may deem advisable, including, without limitation, restrictions under the Securities Act, as amended, under the requirements of any exchange upon which such shares of the same class are then listed, and under any blue sky or other securities laws applicable to such shares. The Committee may also require the Participant to represent and warrant at the time of issuance or transfer that the shares of Common Stock are being acquired only for investment purposes and without any current intention to sell or distribute such shares. All Common Stock issued pursuant to the terms of this Plan shall constitute “restricted securities,” as that term is defined in Rule 144 promulgated pursuant to the Securities Act, and may not be transferred except in compliance herewith and with the registration requirements of the Securities Act or an exemption therefrom. Certificates representing Common Stock acquired pursuant to an Award may bear such legend as the Company may consider appropriate under the circumstances. If an Award is made to an Eligible Person who is subject to Chinese jurisdiction, and approval of the Award by China’s State Administration of Foreign Exchange is needed, the Award may be converted to cash or other equivalent amount if and to the extent that such approval is not obtained.

16.2 Incentive Arrangement. The Plan is designed to provide an on-going, pecuniary incentive for Participants to produce their best efforts to increase the value of the Company. The Plan is not intended to provide retirement income or to defer the receipt of payments hereunder to the termination of a Participant’s employment or beyond. The Plan is thus intended not to be a pension or welfare benefit plan that is subject to Employee Retirement Income Security Act of 1974 (“ERISA”), and shall be construed accordingly. All interpretations and determinations hereunder shall be made on a basis consistent with the Plan’s status as not an employee benefit plan subject to ERISA.

16.3 Unfunded Plan. The adoption of the Plan and any reservation of shares of Common Stock or cash amounts by the Company to discharge its obligations hereunder shall not be deemed to create a trust or other funded arrangement. Except upon the issuance of Common Stock pursuant to an Award, any rights of a Participant under the Plan shall be those of a general unsecured creditor of the Company, and neither a Participant nor the Participant’s permitted transferees or estate shall have any other interest in any assets of the Company by virtue of the Plan. Notwithstanding the foregoing, the Company shall have the right to implement or set aside funds in a grantor trust, subject to the claims of the Company’s creditors or otherwise, to discharge its obligations under the Plan.

16.4 Section 409A Compliance. To the extent applicable, it is intended that the Plan and all Awards hereunder comply with the requirements of Section 409A of the Code or an exemption thereto, and the Plan and all Award Agreements shall be interpreted and applied by the Committee in a manner consistent with this intent in order to avoid the imposition of any additional tax under Section 409A of the Code. Notwithstanding anything in the Plan or an Award Agreement to the contrary, in the event that any provision of the Plan or an Award Agreement is determined by the Committee, in its sole discretion, to not comply with the requirements of Section 409A of the Code or an exemption thereto, the Committee shall, in its sole discretion, have the authority to take such actions and to make such interpretations or changes to the Plan or an Award Agreement as the Committee deems necessary, regardless of whether such actions, interpretations, or changes shall adversely affect a Participant, subject to the limitations, if any, of applicable law. If an Award is subject to Section 409A of the Code, any payment made to a Participant who is a “specified employee” of the Company or any Subsidiary shall not be made before the date that is six months after the Participant’s “separation from service” to the extent required to avoid the adverse consequences of Section 409A of the Code. For purposes of this Section 16.4, the terms “separation from service” and “specified employee” shall have the meanings set forth in Section 409A of the Code. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on any Participant by Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

16.5 Tax Withholding.

(a) The Company shall have the power and the right to deduct or withhold, or require a participant to remit to the Company, the minimum statutory amount to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan, but in no event shall such deduction or withholding or remittance exceed the minimum statutory withholding requirements unless permitted by the Company and such additional withholding amount will not cause adverse accounting consequences and is permitted under Applicable Law.

(b) Subject to such terms and conditions as shall be specified in an Award Agreement, a Participant may, in order to fulfill the withholding obligation, (i) tender previously-acquired shares of Common Stock or have shares of stock withheld from the exercise, provided that the shares have an aggregate Fair Market Value sufficient to satisfy in whole or in part the applicable withholding taxes; and/or (ii) utilize the broker-assisted exercise procedure described in Section 6.5 may also be utilized to satisfy the withholding requirements related to the exercise of a Stock Option.

(c) Notwithstanding the foregoing, a Participant may not use shares of Common Stock to satisfy the withholding requirements to the extent that (i) there is a substantial likelihood that the use of such form of payment or the timing of such form of payment would subject the Participant to a substantial risk of liability under Section 16 of the Exchange Act; (ii) such withholding would constitute a violation of the provisions of any law or regulation (including the Sarbanes-Oxley Act of 2002), or (iii) such withholding would cause adverse accounting consequences for the Company.

16.6 No Guarantee of Tax Consequences. Neither the Company, the Board, the Committee nor any other Person make any commitment or guarantee that any federal, state, local or foreign tax treatment will apply or be available to any Participant or any other Person hereunder.

16.7 Severability. If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

16.8 Stock Certificates; Book Entry Form. Notwithstanding any provision of the Plan to the contrary, unless otherwise determined by the Committee or required by any applicable law, rule or regulation, any obligation set forth in the Plan pertaining to the delivery or issuance of stock certificates evidencing shares of Common Stock may be satisfied by having issuance and/or ownership of such shares recorded on the books and records of the Company (or, as applicable, its transfer agent or stock plan administrator).

16.9 Governing Law. The Plan and all rights hereunder shall be subject to and interpreted in accordance with the laws of the State of Nevada, without reference to the principles of conflicts of laws, and to applicable Federal securities laws.

## 17. **Effective Date, Amendment and Termination**

17.1 Effective Date. The effective date of the Plan shall be the date on which the Plan is approved by the requisite percentage of the holders of the Common Stock of the Company; provided, however, that Awards granted under the Plan subsequent to the approval of the Plan by the Board shall be valid if such stockholder approval occurs within one year of the date on which such Board approval occurs.

17.2 Amendment; Termination. The Board may suspend or terminate the Plan (or any portion thereof) at any time and may amend the Plan at any time and from time to time in such respects as the Board may deem advisable or in the best interests of the Company or any Subsidiary; provided, however, that (a) no such amendment, suspension or termination shall materially and adversely affect the rights of any Participant under any outstanding Awards, without the consent of such Participant, (b) to the extent necessary and desirable to comply with any applicable law, regulation, or stock exchange rule, the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required, and (c) stockholder approval is required for any amendment to the Plan that (i) increases the number of shares of Common Stock available for issuance under the Plan, or (ii) changes the persons or class of persons eligible to receive Awards. The Plan will continue in effect until terminated in accordance with this Section 17.2; *provided, however*, that no Award will be granted hereunder on or after the 10th anniversary of the date of the Plan's initial adoption by the Board (the "Expiration Date"); *but provided further*, that Awards granted prior to such Expiration Date may extend beyond that date.

INITIAL BOARD APPROVAL: July 7, 2017

BOARD APPROVAL OF PLAN, AS AMENDED AND RESTATED: February 9, 2018

INITIAL STOCKHOLDER APPROVAL: \_\_\_\_\_, 2018

## Certifications

I, Saiid Zarrabian, certify that:

1. I have reviewed this quarterly report on Form 10-Q of DelMar Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2018

/s/ Saiid Zarrabian

Saiid Zarrabian

Interim President and Chief Executive Officer

(Principal Executive Officer)

## Certifications

I, Scott Praille, certify that:

1. I have reviewed this quarterly report on Form 10-Q of DelMar Pharmaceuticals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2018

/s/ Scott Praille

Scott Praille

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of DelMar Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Saiid Zarrabian, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 14, 2018

/s/ Saiid Zarrabian

Saiid Zarrabian

Interim President and Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of DelMar Pharmaceuticals, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott Prail, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 14, 2018

/s/ Scott Prail

Scott Prail

Chief Financial Officer (Principal Financial Officer)